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WORLD NEWS

Dockers vote in favour of strike action

Britain's 9,400 registered dockers have voted by a majority of 74.3% to take strike action over the refusal of port employers to negotiate a new national agreement covering terms and conditions after the abolition of the dock labour scheme. The turnout was 90.8%, with 6,333 registered dockers voting for strike action and 2,191 against.

● Train drivers' union Aslef ruled out any new strike ballot over British Rail's pay policy. Page 5

Nuclear deal nearer
The US and West Germany moved towards a compromise aimed at avoiding a Nato split over the future of short-range nuclear missiles in Europe. Page 22

Italian premier resigns
Ciriaco De Mita resigned as Italy's 48th post-war prime minister after 13 months in office. Page 2

Workers suspended
British Steel suspended 450 workers at its plant in Workington, Cumbria, after a one-day strike in a dispute over flexible working practices.

TV licences curb
Home Office minister Tim Renton announced plans to stop media groups owning more than two of the new regional TV licences and national newspaper owners from taking stakes of more than 20 per cent in any licence. Page 4

Policing agreement
Britain and France signed an agreement in Paris to increase police co-operation against terrorism, organised crime, drugs trafficking and illegal immigration.

Mellor AIDS warning
The battle to prevent an AIDS epidemic in Britain is hanging in the balance, Health Minister David Mellor warned. Drug addicts infected with the HIV virus are the bridgehead for spreading the disease into the general population, he told a conference in London.

Hungarian rights group
A group of intellectuals in Budapest launched a Hungarian Helsinki Committee, affiliated to the International Helsinki Federation of Human Rights, to monitor abuses of human rights.

Sewage ruling defended
Environment Secretary Nicholas Ridley defended his decision to allow sewage treatment plants to break EC pollution limits until 1992. He said water authorities were spending £1bn to bring plants up to standard but in the meantime faced the problem of effluent discharges.

Spanish union call
Spain's two main trade unions called for a one-day pay strike next month, affecting rail and air transport, communications and manufacturing industry.

Chess semi-finals
The semi-finals of the world chess championship will be held in London in October. The contenders for the right to challenge world champion Gary Kasparov will be Englishman John Speelman, Dutchman Jan Timman and Soviet players Anatoly Karpov and Artur Yusupov.

Britain in the hot seat
Britain is enjoying its hottest May for 25 years after one of the coldest Aprils on record. The highest recorded temperature so far this month is 79F (26C) in Bristol, compared with average temperatures for May of 61F (16C).
Weather, Page 22

Musical parting
A frame containing locks of hair from Mozart and Beethoven was sold by London auctioneer Sotheby's for £11,000. A 1789 manuscript of an aria for soprano, by Mozart, sold for £104,500.

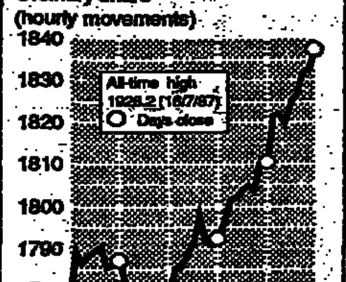
BUSINESS SUMMARY

Bond to sell brewing operations

Bond Corporation Holdings, Australian company controlled by entrepreneur Alan Bond, is to sell its worldwide beer operations for A$3.5bn (£1.7bn) to Bell Resources, a 58 per cent subsidiary of Bond. Page 22 and Lex

SHARE PRICES in the UK rose sharply to their highest level since the October 1987 stock market crash, despite poor April inflation and bank lending figures. The FT Ordinary Share Index rose 27.4 to 1,837.5, an increase of 58.4 on last Friday's close. Page 22

FT Index
Ordinary share (hourly movements)



HONG KONG'S stock exchange suffered its biggest daily fall since the 1987 crash as concern about developments in Peking caused panic selling. The Hang Seng Index fell 126.7 points to 3,145.63. Page 13

FOKKER, Dutch aerospace group bidding with GEC for Short Brothers of Belfast, will scrap Short's proposed £500m FJX commuter aircraft and phase-out final assembly of commercial aircraft if its bid succeeds. Page 4

OMNICOM, world's fourth biggest advertising agency group, emerged as a white knight for Boase Massimi Pollitt, UK agency and marketing group contesting a £118.5m leveraged bid from Boulet Dru Dupuy Petit of France. Page 8

BRITISH Biotechnology has raised £20m, a third of it from Japanese investors, to assist a new phase of its development programme. Page 5

JAPANESE wholesale prices increased by 2.5 per cent last month, compared with the same month last year, easing fears of a resurgence of inflation. Page 3

ARGENTINA announced the latest in a series of emergency economic measures, including an immediate 40 per cent rise in public-sector tariffs, 30 per cent export duties on agricultural products and the suspension of tax relief on industrial exports. Page 2

US has threatened action against the EC for allegedly flouting international trade rules by adopting a law that could impede US TV broadcasts in the EC. Page 2

ESSO Italiana, subsidiary of Exxon of the US, lodged a legal complaint against the Italian Government over its failure to raise petrol prices in line with an EC index. Page 10

SOUTH AFRICAN gold mines East Rand Proprietary Mines and Durban Deep, managed by Rand Mines group, are threatened with closure unless the Government heeds appeals for financial help. Page 10

LONRHO, international trading conglomerate, announced a 49 per cent rise in interim pre-tax profits to £120m. Most of the gain came from a £38.4m profit on the sale of whisky stocks. Page 8; Lex, Page 22

FERRUZZI Agricola Finanziaria, Italian industrial holding company that controls Montedison and Eridania, more than doubled 1988 net profit to L301bn (£130m) after minorities. Page 10

NEXT is selling its Dillons and Preedy newsagent chains to T&S Stores in a £53.9m deal which should nearly double the turnover of the West Midlands company. Page 8; Lex, Page 22

Troops ordered into Peking

By Peter Ellingsen and Colina MacDougall in Peking

THE CHINESE Government ordered troops into Peking yesterday as it prepared to crack down on pro-democracy demonstrators who have occupied Tiananmen Square, sparking off massive protests around the country.

Li Peng, the Prime Minister, in a strong indication that force may soon be used to end the week-long student hunger strike and five-week campaign for political reform, said there would be no Government if the demonstrations continued. There was therefore no choice but to fetch the army.

"The army is to protect order," Li said on television. The government would use "responsible" measures to "restore social order".

President Yang Shangkun, also speaking on television, said troops had come from outside Peking to restore order in the capital. "The Liberation Army is here to protect Peking society, its people and its future. We were forced to send the Liberation Army into the city," he said.


Troops move in: Peking citizens block a convoy heading for the city centre last night

Tension in the square rose as more students became aware that the Government was about to crack down. However, the mood remained defiant as students formed into ranks in anticipation of the arrival of truckloads of soldiers. Students said they would block the road if the army trucks attempted to enter the square.

The students, singing and chanting in the square, said they would remain passive if the army tried to force them to leave. "Tonight we have to stay here for the future of China," said a student from the central city of Hangzhou.

Another said: "I thought we were close to victory. Now I see it's far away."

There was no evidence of troops in the square during the early hours of Saturday morning, but army trucks trying to enter the city were being blocked by Peking residents.

One convoy of 100 army trucks carrying some 4,000 men was blocked in a western suburb by around 10,000 people chanting "Don't let them through" and pasting pro-student posters along their sides as the soldiers looked on.

Reuters news agency reported that President Yang Shangkun had imposed martial law, but there was no independent confirmation. Two US television networks and Associated Press news agency reported that Zhao Ziyang, the Communist Party Secretary, had offered his resignation but that the offer was still being considered by party colleagues.

Earlier yesterday, in an unexpected gesture to the students, Zhao and Li drove into Tiananmen Square by mini-bus just before 5am.

Zhao shook hands with the strikers, then on their seventh day of fasting, and told them he was sorry it had taken so long for the senior leaders to visit them. "You have put forward criticism and that's good, (but) I advise you now to stop the hunger strike," he said.

Li did not speak or stay long and emerged from the square looking pale and grim-faced.

Students are demanding government recognition of their new, independent student organisations, including live televised talks between the

Continued on Page 22
Man In The News, Page 6

8% UK inflation is post-1982 high

By Peter Norman, Economics Correspondent

INFLATION in Britain accelerated to 8 per cent last month, its highest annual rate since August 1982, amid clear signs that it has yet to peak.

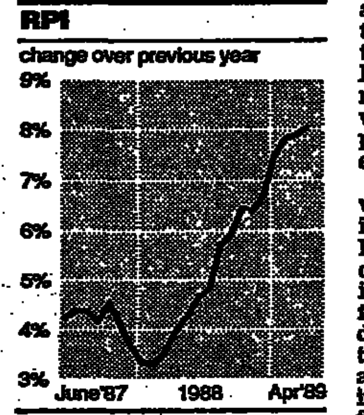
Contrary to widespread expectations of a slight slowdown, a 1.8 per cent jump in the retail price index between March and April was announced by the Department of Employment yesterday.

About half the rise reflected yearly increases in housing costs such as rents, rates and water, and a first instalment of higher gas and electricity prices. Food and clothing prices also rose, while an unexpectedly sharp petrol price rise averaging 11p per gallon nudged the annual rate up from 7.9 per cent in March.

The latest figures are acutely embarrassing for the Prime Minister, who has staked much of her reputation for sound government on an ability to control inflation, and for Mr Nigel Lawson, the Chancellor, who once said that inflation was "judge and jury" of government economic policy.

The increased inflation was condemned by opposition politicians. Mr Neil Kinnock, the Labour leader, said the figure was "very bad" and more than double the European average.

RPI
change over previous year



"The year-on-year inflation figure should have started to fall this month. The fact that it hasn't shows the extent of the mess that the Government has made of its policies and is making of people's living costs," he said.

The latest rise brings the annual rate to around the level that Mr Lawson said would be this year's inflation peak in his March Budget speech. Government officials now admit privately that inflation has yet to peak before falling towards the end of this year.

The annual rate of inflation was generally expected to fall in April following Mr Lawson's Budget decision not to increase duties on tobacco and alcohol in line with rising prices. Yesterday's news has increased doubts among City economists that the Government can attain the 5.5 per cent annual inflation rate forecast for the final quarter of this year.

Mr Kevin Gardiner of Warburg Securities said inflation was unlikely to be much below 7 per cent at the end of 1989 and would probably peak around 8.5 per cent.

The Government's hopes for a lower annual inflation rate have been based in part on the fact that the steep mortgage interest rate increases of August and October last year will cease to influence the index during the year. However, figures out yesterday showed the underlying annual rate of inflation, excluding mortgage interest rates, also rose to 5.9 per cent in April from 5.7 per cent in March and 4.2 per cent in April last year.

Further prices increases are in the pipeline. Milk, gas, electricity and coach fares have all gone up this month, while petrol prices have increased further by about 9p per gallon.

The Government announced a big increase in the tax and prices index. Taxpayers would have needed an 8.3 per cent increase in gross taxable income to compensate for the increase in retail prices in the year to April, compared with 6.1 per cent in March and only 1.7 per cent in April last year.

The retail prices index rose to 114.3 (base January 1987=100) in April from 112.3 in March, while the tax and prices index advanced to 109.8 (base January 1987=100) last month from 108.5 in March.

Bank lending slows, Page 4; Editorial Comment, Page 6; London stocks, Page 15; Shares rise, Lex, Page 22

Thatcher rules out EMS move

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the British Prime Minister, yesterday publicly rejected calls from senior Cabinet ministers to take sterling into the European Monetary System, blaming the recent surge in inflation on attempts last year to peg sterling to the D-Mark.

In what appeared to be an attack on Mr Nigel Lawson, the Chancellor, Mrs Thatcher underlined her objections to full EMS membership. As the Government published figures showing retail price inflation at 8 per cent last month, she said: "That's where we picked up inflation actually by trying to shadow the D-Mark."

Her comments, in a BBC radio interview, came at the end of a week of turmoil within the Conservative Party over the approach it should adopt to pressures for closer integration in the run-up to the single European market.

Continued on Page 22

Blue Arrow provision of £42m to cover loan and venture

By Vanessa Houlder

Blue Arrow, the embattled employment agency, yesterday announced that it was making provisions of £42.8m to cover a controversial £25m loan made to a company controlled by Mr Peter de Savary, the entrepreneur, and costs including those for an America's Cup venture.

The announcement, in a long-awaited circular to shareholders following months of boardroom turmoil, came as it was disclosed that Mr Tony Berry, the former executive chairman, had resigned as a director.

The provision to cover the £25m loan provoked a furious response from Mr de Savary. In a statement to Blue Arrow shareholders, he said he disagreed fundamentally with the decision.

The 20-page circular also drew a protest from Mr Berry, who disassociated himself from its contents, saying he was concerned about its "tone and presentation."

The loan to Mr de Savary's company was made before Mr Berry was ousted as Blue Arrow's chief executive in January following criticism over his management style. At the time, he was accused of authorising the loan without the agreement of non-executive directors.

Yesterday's circular said that the directors were satisfied that they did not authorise the completion of the loan. It added, however, that Mr Berry believed he had the authority to proceed with the transaction.

The circular also revealed that Mr Berry, resigned from the board on Thursday. It stated that, before the security of the loan was in doubt, he had received compensation of £1.15m for being stripped of executive duties in January.

It said that although Mr Berry had received certain legal indemnities, no release was given with respect to the loan agreement or £6.3m involved in the Blue Arrow Challenge, the company's joint effort with Mr de Savary to enter a future America's Cup race.

The circular also said that in November Mr Berry took an unauthorised decision to restore the company's commitment to the Blue Arrow Challenge. Without shareholder approval for Mr Berry's decision, the joint venture should have been terminated as a result of a US court decision which ruled that only a New Zealand entry was eligible for the race.

Mr Mitchell Fromstein, who replaced Mr Berry as chief executive, said that no legal action was likely to be considered until the loan's expiry date of June 1991.

The circular also revealed that Blue Arrow was making a further provision of £9.4m for restructuring costs and £2.1m for compensation to former directors. The share price of the group which made pre-tax profits of £75.1m last year, fell 2½p to 98p.

The Blue Arrow circular said full provision for the loan to Mr de Savary's company was made after valuations of a property venture at Canvey Island in Essex on which the money is secured.

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Weekend FT

LONG ROAD TO ENGLAND
Christian Tyler on the problems Asian migrants and their children have in adapting to life in Leicestershire
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Finance
Eric Short says that time is running out if you want to make a decision on your pension options
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Diversions
A timetable for The English Season. But is it still the same?
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Travel
Michael Wigan visits Scotland, and David Scott wanders off the beaten track in Japan
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Property
John Brennan looks at the advantages of life at the water's edge
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Nigel Andrews at the Cannes film festival
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Sport
Ian Hamilton Fazey on Kenny Dalglish and Teresa McLean on Leicestershire cricket
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MARKETS

STERLING
New York lunchtime:
$1.6160
London:
$1.6190 (1.6185)
DM3.1875 (3.1825)
FFr10.7975 (10.7625)
SFr2.8450 (same)
Y224.75 (224.50)
£ Index 94.5 (94.4)

GOLD
New York: Comex Jun $366.5
London:
$365.75 (370.50)

N SEA OIL (Argus)
Brent 15-day Jun
$17.925 (−0.175)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.9733
FFr6.6815
SFr1.7610
Y138.925
London:
DM1.9695 (1.9665)
FFr6.6700 (6.6500)
SFr1.7575 (1.7570)
Y138.75 (138.65)
$ Index 71.1 (71.3)
Tokyo close: Y138.77

US LUNCHTIME RATES
Fed Funds 9¾%
3-mo Treasury Bills: yield: 8.646%
Long Bond: 101$\frac{17}{32}$
yield: 8.717%

STOCK INDICES
FT-SE 100:
2,204.7 (+27.4)
FT Ordinary:
1,837.5 (+27.4)
FT-A All Share:
1,131.41 (+1.2%)
FT-A long gilt yield index high coupon:
9.40 (same)
New York lunchtime:
DJ Ind. Av.
2,489.92 (+19.89)
Tokyo: Nikkei
34,000.88 (+144.65)

LONDON MONEY
3-month interbank:
closing 12$\frac{27}{32}$% (same)

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Austria Sch22; Bahrain Din0.700; Bermuda $1.50; Belgium BFr60; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr120; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.600; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr60; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc140; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr10.00; Switzerland SFr2.40; Taiwan NT$95; Thailand Bht50; Tunisia Din0.800; Turkey L600; UAE Dh7.00; USA $1.00.

De Mita quits as election campaign rivalries topple Italian coalition

By John Wyles in Rome

PARTY rivalries, sharpened by the approach of next month's European elections, last night brought down Italy's 48th post-war government when the Christian Democrat prime minister, Mr Ciriaco De Mita, resigned after little more than 13 months in office.

The crisis could last until the outcome of the European election is known on June 18, when the politicians would use the results to bargain for a new modus vivendi.

Early national elections – the present legislature runs until 1992 – cannot be ruled out, particularly if the campaign is a bitter one and the outcome a decisive gain in support for either, or both, of the two main governing parties, the Christian Democrats and the Socialists.

Mr De Mita's fall will be seen as a more serious stage in the steady degradation of the Italian political system than the sinking of many of his predecessors.

Since Mr Bettino Craxi, the Socialist leader, resigned as prime minister in March 1987, the five coalition parties have shown dwindling determination to co-operate successfully under Christian Democrat leadership. All, however, continue to oppose an alternative coalition with the Communists, who remain Italy's second largest party.

Against this gloomy background, the task now falls to Italy's President, Mr Francesco Cossiga, to begin sounding out all party leaders on the possible formation of a new coalition, having asked Mr De Mita to stay on in a caretaker role.

The parties will spend much of the next few days blaming each other for this latest crisis, which owes more to electoral calculations to than the government's acknowledged failings.

The coalition has been struggling for authority ever since Mr De Mita lost the leadership of his party in February, and the question of when it would fall began to be answered last week when Mr Giorgio La Malfa, leader of the Republicans, started intoning the last rites in a speech to his party's Congress in Rimini.

This was partly to steal thunder from Mr Craxi, who was everybody's tip for the task of despatching Mr De Mita. Opening his party's Congress in Milan last Saturday, the Socialist leader saw no more virtue in Mr De Mita than did Mr La Malfa, but he avoided threatening to pull the government down, saying he was leaving that decision to the Congress.

Mr De Mita, meanwhile, showing the taut nerves which have characterised his premiership, lashed back against the Republicans this week by calling their much respected president, Mr Bruino Visentini, a dotard and by insisting on clear and instant declarations of support as soon as the Socialist Congress finished.

Instead, Mr Craxi delivered the coup de grace when closing his Congress yesterday. He mocked the intemperate nature of Mr De Mita's statements this week and blamed the prime minister for the crisis.

The Socialists were still ready to collaborate with the Christian Democrats to provide a government, said Mr Craxi, but they wanted "to encourage much greater trust and energy" in a political system which was clearly running down. Mr Craxi's recipe for recovery is reform based on referenda and direct election of the president.

MRS Imelda Marcos (above, leaving the hospital where her husband, former Philippines President Ferdinand Marcos, lies comatose), yesterday appealed to President Corazon Aquino to let him return home from exile in Hawaii, agencies report. "He is very ill, his temperature has risen and he is in critical condition," Mrs Marcos said. Doctors say Marcos, 71, is near death. President Aquino has declared she will not allow Marcos to come home, despite appeals.

Emergency package for Argentina

By Gary Mead in Buenos Aires

FACED with an increasingly serious economic crisis, Argentina's Radical government has announced the latest in a series of emergency measures, including an immediate 40 per cent increase in all public sector tariffs, 30 per cent export duties on agricultural products and the suspension of tax reliefs on industrial exports.

More measures are expected over the weekend. There are strong unofficial suggestions that the government may announce a major devaluation, and introduce a new currency.

Telephone and postal charges, as well as all transportation, energy and fuel prices have now been increased by a total of 72 per cent during May. Despite these drastic increases it is estimated that public sector charges are still lagging behind inflation by more than 10 per cent.

Inflation in May is likely to be well over 50 per cent, following a jump in retail prices of 33 per cent in April.

The emergency measures come at a time when President Raúl Alfonsín's government – which has only six months left in office – is under considerable economic pressure on a number of fronts. On Monday, some $250m worth of government bonds (known as TIDOL II), equivalent to 28 per cent of monetary circulation and almost 58 per cent of cash in current accounts, are due to mature.

Up to $40m of TIDOL II will be covered by the issue of a new bond but the other $210m is likely to feed directly into the money markets and immediately go into the purchase of US dollars (thus driving down the Argentine currency, the austral) and goods.

The austral traded at 200 to $1 yesterday, against its January figure of 17. Interest rates have soared during the last week, reaching a monthly 200 per cent for large depositors, as banks try to attract loans in an increasingly frenetic market.

The situation is further complicated by Argentina's current political context. Negotiations between Mr Alfonsín's government and Perónist President-elect Carlos Menem have so far failed to agree to share responsibility for national economic management.

Mr Menem said on Thursday that the Alfonsín administration is solely responsible for whatever decisions it makes before December 10, when Mr Menem is to take over.

Members of his team have already strongly condemned the latest public-sector price increases, and trade unions are contemplating strike action, starting next week, in protest at the measures.

Milanese homemaker protests his innocence

By Alan Friedman in Milan

IT was a spectacle right out of some Hollywood film, Grade B. Yesterday morning, in a cramped and crowded smoke-filled room near one of Milan's seediest train stations, Mr Salvatore Ligresti, a 57-year-old Sicilian property developer and entrepeneur who has been sentenced to prison for illegal construction activities, faced more than 50 journalists for the first time and for nearly two hours hammered home one theme: his innocence.

Mr Ligresti, who sits on the board of Mediobanca, the Milan merchant bank, and who controls three publicly quoted companies and $2.5bn in revenue from construction, insurance, hotel, ceramic and other industrial businesses, is nothing if not controversial.

Three years ago, when he first broke silence to speak with the Financial Times, Mr Ligresti told of his past hardships as a newly arrived immigrant from Sicily and claimed: "It was because I suffered in an ugly bedsit for years that I now want to build apartments where people will be happy."

But the Italian press, and Italian magistrates, have spent months examining his alleged ties with local politicians in Milan amid a barrage of accusations that he has obtained all sorts of favours in the property development sector. Did he know former Milan mayor Carlo Tognoli, one Italian reporter demanded. "An entrepreneur must have good relations with all politicians," replied a blithe Mr Ligresti.

Did the city councillor for urban planning live in one of his apartment blocks? "Can you imagine how many politicians happen to live in my buildings?" retorted an indignant Mr Ligresti.

But why all the criminal and civil charges? Were his enemies merely mounting a fake scandal against him, he was then asked. "Everything is blown out of proportion," replied the man who a few years ago proudly proclaimed his "strategy of alliances" with Carlo De Benedetti, Leopoldo Pirelli, Raul Gardini and other big name Italian capitalists. "Success", sighed the serene Sicilian, "has its price, and these charges against me are perhaps a price."

And finally, just to round out the bizarre Milanese session, Mr Ligresti was asked whether he had any financial backing from Sicily, and especially from blood relatives in Sicily. The backing, answered the cherubic Sicilian, was all from bank loans. "The Ligresti group is me. Alone. There are no Sicilians. There is no one else. Just me."

And he reminded everyone present that as far as the criminal conviction was concerned: "We are lodging an appeal."

US threatens EC in TV broadcasts row

By William Dawkins in Brussels

WASHINGTON has threatened action against the European Community for allegedly flouting international trade rules by adopting a law that could impede US TV broadcasts in the EC.

The warning, which jeopardises the recent improvement in EC-US trade relations, comes in a letter from Mrs Carla Hills, US Trade Representative, to the Brussels authorities and members of the European Parliament. The Community TV plan would grant free access to TV channels conforming to basic quality and moral standards and with majority European content, the restriction the US wants the EC to scrap.

Mrs Hill's letter comes a few days before the European Parliament is due to give the plan a final reading to pave the way for full adoption by EC governments, under strong pressure from the Community film industry to push for tougher programme quotas – bound to anger Washington even further.

The row follows lobbying by US film companies, which sold TV programmes worth $650m to the EC last year, one of the few sectors where the US runs a trade surplus with the EC.

Mrs Hills threatens to demand compensation in the General Agreement on Tariffs and Trade, to sue the EC under the intellectual property provisions of the 1988 US Trade Act and to single out the Community for investigation under Section 301, unless Brussels abandons any suggestion of quotas.

EC officials scorned the complaint, voicing suspicion as to why Washington should complain three years after the Commission tabled the plan.

"They are not exactly whiter than white on this issue themselves," one diplomat said.

US programmes occupy less than 20 per cent of total EC programming time, well below their target quota for a market expected nearly to double by the early 1990s.

The directive is in any case couched in flexible terms, officials emphasised.

"This directive sends a message to Americans that the EC 1992 initiative is indeed being used to construct a Fortress Europe... Whatever benefits this directive might promise to bring to Europe will undoubtedly be outweighed by its negative impact on our bilateral trade relations," the letter says.

Mrs Hills claims the local content requirements in the directive contravene Gatt provisions on equal national treatment and jeopardise America's trade privileges under its Most Favoured Nation status.

Commission officials maintain Gatt rules do not yet cover services, a matter yet to be sorted out in the Uruguay round.

HK march backs China protests

HUNDREDS of demonstrators supporting the Peking democracy movement last night marched to the Hong Kong offices of Xinhua, the Chinese news agency and unofficial local Chinese embassy, where a hunger strike has been in progress all week, John Elliott reports from Hong Kong.

One of about a dozen hunger strikers collapsed and was taken to hospital yesterday. Meanwhile, Xinhua parked a small bus outside its office to provide shelter for the demonstrators from a possible typhoon which is threatening Hong Kong this weekend from the South China Sea.

Mr Xu Jiatun, director of the agency and de facto Chinese ambassador, met the hunger strikers and advised them to look after themselves. But plans for formal talks were abandoned after he refused to open them to journalists.

Hungarian visitor

Czechoslovakia, angered at Hungary's decision to pull out of a controversial joint dam project, said Hungarian premier Miklos Nemeth would visit next week, apparently to discuss the future of the scheme, at the invitation of premier Ladislav Adamec, AP reports from Prague.

Dissidents held

Dissident poet Ko Un and another dissident leader were indicted yesterday on charges of violating South Korea's rigid National Security Law, which bans contact with communist North Korea, the prosecution authorities announced, AP reports from Seoul.

Mr Ko, 56, and Mr Lee Jae-oh, 45, a leader of a dissident alliance, who were arrested on April 3, had sought private talks in Panmunjom with North Koreans on national reunification.

S African warning

South Africa Law and Order Minister Adriaan Vlok, signalling a likely renewal of South Africa's three-year of emergency, said yesterday that political violence would escalate ahead of elections in September, Reuter reports from Cape Town.

Police to co-operate

Britain and France yesterday agreed new arrangements for joint police co-operation in the struggle against terrorism, organised crime, drug trafficking and illegal immigration, writes Ian Davidson in Paris.

The new arrangements, which were signed in Paris yesterday by Mr Pierre Joxe, French Interior Minister, and Mr Douglas Hurd, British Home Secretary, will provide for closer dialogue between the two ministries, as well as for exchanges of experts, and liaison between police forces.

Senegal curfew ends

The Senegalese government yesterday lifted the state of emergency and night-time curfew declared three weeks ago during violence against Mauritanians living in Senegal, AP reports from Senegal.

Andriessen tells US to work within Gatt

MR Frans Andriessen, EC External Affairs Commissioner, warned the US yesterday against stepping outside Gatt world trade rules to solve disputes and questioned its commitment to multilateral talks, Reuter reports from Brussels.

"It would be highly damaging for further improvement of international trade relations when people think... immediate but lasting solutions could be imposed through means not compatible with Gatt," he told the European-American journalists conference in Annapolis, Maryland.

He gave as an example Washington's demand for negotiations on telecommunications. The US has identified the EC as a "priority country" to which it wants better import access.

New US legislation empowers Washington to impose sanctions on trade partners from whom it does not get satisfaction once a US-defined disputes procedure is exhausted.

"We cannot accept the demand of the US government for bilateral negotiations with a view to improving access to the Community market in telecommunications products and services," he said.

He protested against Washington's demand for negotiations despite liberalisation of the EC market in preparation for the single market after 1992, and despite the current round of Gatt talks to free world trade.

He also protested about Washington's failure to abolish a discriminatory "Superfund" tax on imported petroleum that a Gatt panel ruled illegal nearly two years ago.

"Such failure leaves some doubt whether Washington is really determined to participate seriously in the negotiations in the Uruguay Round which aim at reinforcing the dispute settlement procedure," Mr Andriessen said.

The so-called Superfund law imposed a tax on imported oil greater than a similar tax on domestic oil.

Bonn and Paris firm on EC

By Ian Davidson in Paris

THE French and German governments have responded to British Prime Minister Margaret Thatcher, and raised the stakes in the growing political controversy over the future of the European Community, with a declaration which reasserts their common commitment to the objectives of a social Europe, as well as economic and monetary union between the 12 member states.

The declaration was published in Paris yesterday after a meeting on Thursday between German Foreign Minister Mr Hans-Dietrich Genscher and Mr Roland Dumas, his French counterpart.

The declaration does not name Mrs Thatcher, but French officials confirm that it is designed as a high-level policy statement in reaction to the increasingly strident attacks of the British leader on the plans of the European Commission and other member governments to build a more integrated Community.

The initiative for the joint declaration appears to have come from the Bonn government, which is anxious to offset French complaints that Germany has recently proved unhelpful in a number of economic decisions relevant to the future development of the EC, ranging from increases in interest rates to the abandonment of the 15 per cent withholding tax on bonds. President François Mitterrand reverted to these sore points in his press conference on Thursday.

In addition, the Bonn government is concerned to counter the growing political debate within Nato over the Lance short-range nuclear missile, and disparaging comments in some other alliance countries, that West Germany's refusal to make a commitment to replace the missile, and its demand for early negotiations with the Soviet Union, spell a weakening of Germany's links with the West and risk undermining Nato's strategy of deterrence.

Every objective endorsed in the Dumas-Genscher text is in manifest contradiction with the views of Mrs Thatcher. The two foreign ministers emphasise "the importance they attach to Social Europe, which constitutes an essential aspect of the Internal Market", and whose implementation must be matched, they say, "by social progress and not by regress".

The ministers also welcome the recent report of the Delors Report on a three-stage move towards economic and monetary union, and express the hope that next month's European summit in Madrid will "take the necessary decisions to implement this report in all its aspects".

The two governments claim that progress in these areas, together with a strengthening of European political co-operation on foreign policy, will enable the Twelve to make progress towards union.

Mrs Mitterrand in call to Turkey over Kurds

By Edward Mortimer

MRS Danielle Mitterrand, wife of the French President, warned yesterday of "an explosion" if Turkey does not soon grant political refugee status to 36,000 Kurds who fled from Iraq last September, and allow them to receive international help.

Mrs Mitterrand, who visited the refugees three weeks ago, said 300 children had died of cold last winter in one of the camps, at Mardin, where the temperature had fallen to minus 20° C, and she feared more would die of dehydration in the summer heat.

Already the heat had been "unbearable" in the tents during her visit. Moreover, no schooling was being provided for the 20,000 children under 14, and the refugees had no means of supporting themselves, being virtual prisoners in the three camps – at Muş, Diyarbakir and Mardin – all of which were surrounded by barbed wire. The Turkish authorities had not allowed them to keep the herds they brought with them from Iraq.

Turkey has refused to grant the Kurds refugee status or to allow them to receive help directly from international non-governmental organisations, insisting that financial aid be given from state to state and channelled exclusively through the Turkish Red Crescent. These conditions are unacceptable to the UN High Commission for Refugees, and negotiations with Turkey have broken down.

Mrs Mitterrand said most of the refugees wanted to stay in Turkey to be near their homes. About 600 said they would like to go to west European countries – mainly West Germany and Sweden – but only about

Danielle Mitterrand: visited refugees

40 to France. She was "working on" the French Interior Minister, Mr Pierre Joxe, to get him to open the frontiers. About her husband's attitude she was noticeably discreet, but said she would raise the matter "at the highest level" during their visit to President George Bush this weekend.

Chilean army chief backs Pinochet for presidency

By Barbara Durr in Santiago

THE Chilean army's vice-commander, General Jorge Zincke, says the army has asked General Augusto Pinochet to remain as commander-in-chief and he believes "General Pinochet is still the best candidate" for president in this year's elections.

General Zincke nonetheless pledged that the army would respect the results of the December election even if the winner were from the opposition. He warned, however, that if the next government does not respect the constitution, "we have the example of 1973" – a reference to the coup that overthrew socialist President Salvador Allende.

Gen Zincke, the army's virtual leader given Gen Pinochet's duties as president, expressed his views on Chile's political process for the first time since he assumed his post late last year. While he is considered a very professional officer, his career has been highly favoured by Gen Pinochet.

Gen Pinochet's continuation as army chief – mandated in the current constitution – has been disputed by opposition leaders. They say Gen Pinochet, after 16 years in power, is hardly likely to accept the authority of a democratic president or a civilian minister of defence. Mr Patricio Aylwin, the leading opposition presidential candidate, says he hopes Gen Pinochet will leave of his own accord.

Gen Zincke's personal support for a Pinochet presidential candidacy echoes a campaign by the far-right in favour of the general. The constitution prohibits Gen Pinochet from standing and so far there is little evidence suggesting this is likely to change.

Ethiopian officers and politicians held

By Julian Ozanne in Nairobi

THE Ethiopian government of President Mengistu Haile Mariam continued rounding up senior army officers and politicians yesterday 72 hours after a coup attempt had been foiled in the capital, Addis Ababa.

"Some senior officers have been arrested on suspicion of collaboration and are under investigation," Mr Berhanu Bayih, Minister of Foreign Affairs, told diplomats in Addis Ababa. "Those who are cleared of any involvement will automatically be released and resume their duties. Those who have been involved in the plot will be brought to justice."

Mr Berhanu also confirmed that the three most senior military men in the country, believed to have been the ringleaders in Tuesday's coup attempt, had been executed by loyalist forces. They were Maj Gen Nerid Negusie, Chief of Staff, Maj Gen Amha Desta, Commander of the Air Force, and Maj Gen Demissie Bulto, Commander of the Second Army in Eritrea, who was killed when pro-government troops retook the 100,000-strong garrison town of Asmara.

Only one person has so far been named by the government among the several hundred believed to have been detained by security forces: Mr Fanta Belai, Minister of Industry and the former Commander of the Air Force.

Addis Ababa was calm yesterday, diplomats said, with people returning to work and traffic normal. But house searches were reported to have been mounted by security police to hunt down people believed to have been involved in the coup plot, including Maj Gen Kumelachew Dejen, second-in-command of the Second Army, who was in hiding.

The loyalty of the troops garrisoned in the provinces remained unclear yesterday. The government claimed it had full control throughout the country, although some diplomats said 80,000 troops in Harar and Gondar might still be in revolt.

Families gather for verdict in Spanish trial

Thousands are going to a Madrid park for the outcome of the suspect cooking oil case, writes Peter Bruce

FOR UP to seven hours today eight Spaniards will sit quietly in a vast exhibition hall in a park west of Madrid to hear a tribunal read out a verdict that could, if the prosecution gets its way, put each of them behind bars for 60,000 years.

Just over eight years after a young boy died of a strange lung infection in Torrejon de Ardoz outside Madrid, judgment is due in the case of the eight, and 29 others, accused of refining and distributing adulterated rape seed oil that prosecutors say eventually killed more than 600 people and injured, many for life, nearly 25,000 others.

The latest victim, Mr Raimundo Rudilla, died last weekend aged 59, leaving a son and two daughters, both of whom have lung complications caused by the disease and doctors expect many more deaths in the next few years, especially among elderly people. Victims suffer attacks on their lungs and nervous systems, which are often followed by paralysis, hepatitis and premature ageing.

The doctored oil brought upon Spain its greatest human tragedy since the Civil War and has killed and injured more people than 20 years of murder and terrorism by the Basque separatist group, ETA. The 15-month trial ended last summer after hearing evidence from more than 1,500 people and collecting 250,000 pages of evidence.

Rape seed oil was used in many Spanish homes for cooking, but can also be put to industrial use with an additive of aniline, a coal tar extract. Some Spanish refiners thought they could remove the additive contained in 6m kilos of industrial oil illegally imported from France and began to market it as domestic oil. The re-refined product was then sold door-to-door as olive oil in unlabelled bottles in poor parts of Madrid, Castille and Galicia.

Victim support groups are expected to bus thousands of people from all over Spain, often entire affected families, into Madrid today to hear the judgment.

The case, which has become known as "the trial of the century", has generated such bitterness that police are likely to be out in force to control tempers.

Defence lawyers have asked for not-guilty verdicts on all counts for their clients. Prosecutors have agreed that 11 of the accused should be freed. The actual cause of the disease, if it was in the oil, has still not been identified, and the defence argued that if the oil was the cause, many more people would have become ill. In some families that used the suspect oil, only one or two members became infected, despite the entire family having used it.

As alternative explanations, the defence has suggested two possibilities. One, that secret chemicals weapon tests were being carried out at the US airbase near Torrejon where the first victim died and that a later epidemic was caused by a fertiliser used on tomatoes grown near the Costa del Sol. Conspiracy theorists have even suggested that the tomatoes were deliberately poisoned in order to cover up the supposed chemical weapons tests.

One senior doctor who disagreed with the official theory – that it was the oil – was dismissed as head of the Hospital del Rey in 1981. He had suggested that a pesticide produced the same symptoms as toxic syndrome if it was used on land just before planting. Dr Luis Frontela, Professor of Forensic Medicine at Seville University, who carried out autopsies on 90 of the victims, agreed with the pesticide theory.

A World Health Organisation report said in 1985 though that the rape seed oil was the vehicle for spreading the syndrome, though the actual poison could not be identified.

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OVERSEAS NEWS

Three Arabs and Israeli killed in shoot-out

By Hugh Carnegy in Jerusalem

THREE Arabs and an Israeli soldier were killed early yesterday in the West Bank in a rare gunbattle between armed Palestinians and Israeli forces.

Later in the Gaza Strip, four Palestinians were reported by doctors to have been killed in clashes between demonstrators and security forces. The clashes followed the arrest of the two most senior leaders of the area's Moslem fundamentalists, in a crackdown on the growing Islamic militant group, Hamas.

The shooting incident in Beit Ula, near Hebron, occurred when an army patrol intercepted a car carrying three men, one of them masked, the army said. After a chase, the three opened fire with sub-machine guns and threw a grenade at the soldiers, killing a reservist sergeant, seriously wounding another, and injuring a further six.

The three Palestinians, said by security sources to belong to a radical, Syrian-backed group, were shot dead. The army later blew up houses belonging to members of the group.

From Tunis, the PLO said the incident did not mark a change in its policy that Palestinians in the territories should not resort to arms in the uprising. The Israeli authorities said they had for some time been hunting the group.

But it must seriously concern the security forces that a well-armed group was active in the West Bank, using an Israeli submachine gun, an American rifle and grenades apparently stolen from the Israeli army. The incident brought calls for tougher *action against* the uprising and the scrapping of the government's peace proposals.

The arrest in Gaza of Sheikh Ahmed Yassin and Dr Mahmoud al-Zahar, regarded as the moving spirits behind Hamas, and dozens of their supporters follows a surge in the Islamic group's influence in the uprising in recent weeks.

Shamir to woo Thatcher on peace plan

Israel aims to win back international opinion, Hugh Carnegy writes

MR YITZHAK Shamir, Israel's combative prime minister, flies to London tomorrow for a visit dominated by one overriding concern. He wants to win the backing of Mrs Margaret Thatcher and her government for his peace proposals for the West Bank and Gaza Strip.

His trip is part of what Israeli officials acknowledge is a full-scale diplomatic offensive to swing international opinion back towards Israel after a period of unprecedented sympathy for the Palestinian cause and remarkable diplomatic advances by the Palestine Liberation Organisation.

After outspoken criticism of Israeli policy by British ministers, Mr Shamir is keen to gain the prime minister's ear. As a senior aide said: "We can make a direct approach to Mrs Thatcher. She is the one who makes policy and we hope for her understanding".

Mr Shamir first revealed his peace proposals in Washington last month. They are based on a plan to hold elections in the occupied territories to initiate interim Palestinian self-rule for five years, during which time there would be negotiations for a "permanent solution".

Last Sunday, the majority of Mr Shamir's right-wing Likud ministers combined with most Labour ministers to give the proposals backing from the often fractious coalition government.

The Likud foreign minister, Mr Moshe Arens, and Mr Yitzhak Rabin, the Labour defence minister, have since gone to the US to press the initiative on largely sympathetic American ears. Mr Arens will be in Brussels next week and Mr Shamir goes from London to Madrid for the first visit to Spain by an Israeli premier.

Israeli ministers are well aware of the damage caused to Israel abroad by their uncompromising repression of the 18-month-old *intifada* (uprising) in the occupied West Bank and Gaza Strip, in which more than 450 Palestinians have died. Twenty Israelis have died in the violence.

Events of the last week, particularly the extended curfews in Gaza, show there is no inclination to change the tough approach. But the government is concerned to win back the diplomatic initiative by suggesting a political solution to the unrest.

The meat of the initiative is the election proposal. Whether it can work depends on its containing sufficient flexibility to allow the US, the chief broker, to bridge the gap between the

Shamir: main concern

minimum demands of the two sides.

A plus in this regard is Mr Shamir's present reliance on support from Labour, mainly in the shape of Mr Rabin, which takes a more conciliatory line than the prime minister. Mr Shamir will tell Mrs Thatcher that refinements to the plan can be haggled over once the Arab side agrees to its outline.

But there are at least two distinct minuses which raise doubts over whether a deal can be struck with the Palestinians. The first is the fact that the principles underpinning the proposals rule out a Palestinian state in the West Bank and Gaza or negotiating with the PLO.

The plan specifies Jordan as the main partner in a final settlement. Palestinians, whose minimum demand is an independent state, say this simply denies the Israeli proposition that all options for a permanent settlement are open to negotiation.

The second minus is opposition to the plan building up among a significant section of the Likud grouping, led by Mr Ariel Sharon, the hardline trade and industry minister.

Threats of a vote against the plan in a special Likud central committee meeting on the issue next month have elicited strong statements from Mr Shamir ruling out any concession of territory to the Palestinians.

He has also stiffened his opposition to the 140,000 Arabs of East Jerusalem joining Palestinian elections, something the Americans consider essential to a credible poll.

All this has led most Palestinian leaders in the territories, and some Israeli Labour Party members, to suggest Mr Shamir's commitment to the peace initiative is limited only to using it as a ploy to stave off international, and US, pressure – something he and his aides strongly deny.

MANY TOP JAPANESE POLITICIANS TO ESCAPE RECRUIT CHARGES

LDP urged to adopt electoral reform

By Ian Rodger in Tokyo

A HIGH-LEVEL committee of Japan's ruling Liberal Democratic Party (LDP) has urged radical reforms to the country's electoral system to eliminate chronic corruption from *national politics*.

Its report, praised in business and political circles, has appeared as the investigation of the Recruit financial scandal approaches a climax.

Yesterday, the Tokyo public prosecutors' office said its investigation of suspected bribery cases concerning the affair would probably end next week with the indictments of two politicians, Mr Takao Fujinami, a senior LDP figure, and Mr Katsuya Ikeda, a member of the opposition Komei party. The prosecutors have apparently been unable to find sufficient evidence to indict the many other leading politicians who received large financial donations from Recruit over the past four years.

Also, the Government announced that the justice minister would make a report on the Recruit investigation to the Diet next Thursday, after which Mr Yasuhiro Nakasone, *the former prime minister*, would testify under oath. Until this week, Mr Nakasone had been resisting demands that he testify, claiming he did not want to interfere with the prosecutors' investigation.

The LDP's political reform committee, headed by former chief cabinet secretary Masaharu Gotoda, called for the elimination of factions within the party, annual disclosure of assets and income by all Diet members, limitations on fund raising and spending, the reduction of the number of seats in the Diet and the creation of single-seat constituencies.

Ironically, its proposals are virtually identical to the demands made by Mr Masayoshi Ito last week when LDP leaders pleaded with him to take over from Mr Noboru Takeshita, who is resigning as prime minister over the Recruit affair. Mr Ito refused *the job partly because party* leaders would not accept his conditions. Now the party committee has proposed these reforms, it will become more difficult for party leaders to dismiss them. However, it would be equally rash to forecast early action, especially if, as many observers believe, public concern over political corruption wanes in the next few months.

The committee, set up last January when it became apparent that the Recruit scandal was causing public outrage over political corruption, concluded that the existence of multi-seat constituencies was at the root of the corruption. This system meant that politicians within the same party had to compete against each other as well as opposition candidates, and so they needed vast sums of money. The system also led to the creation of factions within the LDP which *has in turn caused a freezing of* forces in the Diet, making any real changes in the holding of power in the government virtually impossible.

The committee suggested that, as a first step to eliminating factions, Diet members who obtain cabinet or party leadership posts should in future resign from their factions. It called for drastic reforms to be implemented by November 1990, the centennial of the establishment of the Diet.

● The Japanese Government expects to be able to pass its budget next week. It had been blocked by opposition parties insisting that Mr Nakasone first testify about his role in the Recruit scandal.

US dissatisfied on penetration of semiconductor market

By Robert Thomson in Tokyo

SENIOR US trade representatives remain "highly dissatisfied" with US penetration of Japan's semiconductor market, and heard nothing in bilateral talks which ended yesterday that would stop them listing semiconductors in a Super 301 action, a US trade official warned.

The official said the US share remained inadequate in spite of some constructive market-opening measures encouraged by Japan's Ministry of International Trade and Industry (Miti), and many Japanese companies had yet to break the pattern of buying from local producers.

In two days of talks to review a 1986 semiconductor agreement, US trade representatives were told by Japanese officials that the listing of semi-conductors under Super 301 would be counter-productive, as it would affect the enthusiasm of those Japanese companies which have increased their purchases.

Washington argues that Japan has failed to honour an understanding in the 1986 agreement that foreign producers would have a 20 per cent share of the Japanese semiconductor market by 1991.

The foreign share rose to 10.8 per cent last year, but has fallen slightly since then.

US officials also raised concerns about government intervention in the Japanese TRON (The Real Time Operating System Nucleus) computer project. Eighteen foreign companies are members of the TRON association, but a US trade official said that Japanese government plans to procure the system for secondary schools would give Japanese companies an unfair advantage, as they have been working on the system for a much longer period.

Meanwhile, Japan's Defence Agency director-general, Mr Kichiro Tazawa, yesterday called on President George Bush to veto a proposed change to the FSX fighter agreement that would force tighter controls on technology transfer and the US production content.

Mr Tazawa said he was shocked by the amendment, which was passed this week by the US Senate after being introduced by *Senator Robert* Byrd, the former majority leader. Japan has already been forced to renegotiate the agreement after concern in Washington that the US was giving away trade secrets in the project to build a new attack fighter.

'New Taiwan premier chosen'

MR LEE Huan, the popular secretary general of the ruling Nationalist Party, has been chosen to succeed Mr Yu Kuo-hua as premier of Taiwan, newspapers reported yesterday, AP reports from Taipei.

Government officials declined comment on the reports, which said the 31 members of the party's policy-making Central Standing Committee would discuss the appointment on Wednesday.

Mr Yu, 75, announced on Wednesday he had submitted his resignation to President Lee Teng-hui to preserve party unity and allow a younger person to replace him. He has been under constant public criticism for his cautious approach to economic and political problems.

Newspapers said Mr Lee Huan, 72, would probably serve as premier only until a presidential election next March, when he will be replaced as part of the policy of raising a new generation of *technocrats and political* reformers to higher office.

Mr Lee Teng-hui, 66, became president last year after the death of Mr Chiang Ching-kuo.

Mr Lee Huan, who was educated at Columbia University in New York and Tankok University in South Korea, is considered more liberal than other senior Nationalist leaders, and this could encourage *further political liberalisation.*

Since taking office, President Lee has pursued a flexible and pragmatic foreign policy.

● A demonstrator burnt himself to death outside Taiwan's presidential building yesterday, as thousands of protesters took part in a funeral march for a leading dissident.

Tokyo inflation fears ease

By Stefan Wagstyl in Tokyo

FEARS of a resurgence of inflation in Japan eased slightly yesterday, with the publication of figures for wholesale prices for last month showing a 2.5 per cent increase compared with the same month last year.

The figure was below the expectations of some analysts who had forecast an increase of up to 3 per cent. The result seems likely to reduce, at least for a while, the pressure on the authorities to raise the Official Discount Rate.

There is widespread speculation in Tokyo that the Bank of Japan is contemplating an increase in the discount rate to stem a possible resurgence of inflation, but the bank said it would continue to monitor prices closely.

It will pay particular attention to consumer price figures for April, to be published next Friday.

The main boost to prices last month was the introduction of a controversial 3 per cent consumption tax on April 1. In addition, prices were affected by the fall in the yen against the US dollar, which raised import prices by 2.8 per cent over the previous month. The month-to-month increase in overall wholesale prices was 1.7 per cent.

Meanwhile, the Bank of Japan announced a 10.2 per cent increase in the money supply last month, compared with *the same month in 1988.*

The gain was 0.1 percentage points lower than in March. However on a seasonally-adjusted basis, the money supply rose 0.6 per cent from March to April. This increase will add to concern that money supply growth in Japan might fuel inflation.

UK NEWS

Just what Dr Maertens ordered

Alice Rawsthorn on changing fortunes for the famous working boot

IN A small shoe shop in a back street of Spitalfields, east London, a van driver is buying four pairs of his favourite boots: he has made a detour on his journey from Luton to Dover. Nearby, a pair of Japanese students stuff several boxes of shoes into black rucksacks.

The shop is called Blackmans. It is one of a handful of London shoe shops specialising in the sale of industrial footwear. The van driver's boots and the students' shoes bear the name Dr Martens and are made by a company called Griggs in the Northamptonshire village of Wollaston.

Griggs has been making Dr Martens since 1960. Its fortunes have waxed and waned over the years but since the mid 1980s – when Dr Martens suddenly became fashionable everywhere from Manhattan to Milan – it has prospered.

However, the British footwear industry is in trouble. Griggs's production peaked last autumn and Dr Martens' sales have since slowed down. Griggs, which had taken on extra labour to cope with the sudden surge in demand, has been forced to resort to cost-cutting measures such as short-time working.

Dr Martens trace their origins to wartime Munich when Dr Maertens, a doctor of medicine, was convalescing from a skiing accident. He decided to make a comfortable shoe for people, such as himself, who had difficulty walking. Together with a friend – Dr Funck, an engineer he had met while fighting for the affections of a girl at university – he designed a shoe with an air-cushioned sole.

The sole was the special feature of the shoe. Whereas the soles of most traditional men's shoes are stitched on to the leather of the upper, Dr Maertens and Dr Funck devised a way of heat sealing the sole to create a cavity, or air cushion.

The air-cushioned shoes were sold all over Germany, chiefly as "comfort" shoes for elderly women with foot troubles. Griggs, which had been

Ashley Ashwood

Sales grew as the Dr Marten became a fashion item

making working shoes and boots in Wollaston since the early 1900s, saw Dr Maertens' design and decided to develop it for industrial footwear.

In 1960 it acquired the licence to make them in the UK. Griggs has made Dr Martens – it dropped the first 'e' – ever since. It began with boots. The first Dr Martens product to roll off its production line was a classic working boot with eight laceholes and an air cushioned sole, called the 1460 in deference to the date, April 1 1960.

The boots were sold to factory and farm workers. In the late 1960s they were adopted as regulation footwear by the skinheads, one of the youth cults of the era. By the mid 1970s Griggs was churning out 5,000 pairs of Dr Martens a week and even introduced shoes. It began to boost production by buying other local factories.

But by the end of the 1970s, Griggs, like the rest of the footwear industry, was in trouble. The economic recession had taken a devastating toll on manufacturing employment with inevitable consequences for a company that was largely reliant on selling shoes to factory workers.

Griggs was forced to cuts costs. It laid off workers and closed a few of its smaller factories. In 1984 its fortunes revived. *The biggest boost* came when Jean-Paul Gaultier, the enfant terrible of Paris fashion designers, used Dr Martens in one of his collections.

Dr Martens were fashionable again. Griggs first realised quite how fashionable its industrial footwear had become when it detected a sudden surge in sales of boys' shoes. Griggs discovered that women were buying boys' sizes and two years ago introduced Dr Martens for women.

The new fashionable status of Dr Martens also stimulated export sales. The standard Dr Martens shoes with three laceholes made in Wollaston now sell for extravagant prices in smart shops all over the world.

A pair of shoes that sell for about £25 at Blackmans in the East End, cost about £50 in New York and £100 in Tokyo. The same shoes are sold from Griggs's factories for about £11.

Griggs has at least benefited from the boom in demand. It now employs 1,100 people in 20 factories across the east Midlands. At its peak last autumn, the overall level of production reached 85,000 pairs a week. The group made record sales of £38m last year.

Sales have since slowed down. The level of weekly production has slipped to 75,000 pairs. It is too soon to tell whether Griggs has simply fallen victim to the sluggish state of consumer sales or whether the fashion for Dr Martens has fizzled out.

The company has started to cut costs. So far it has managed to avoid redundancies, but has reduced its workforce by natural wastage and has put some of its factories on short-time working.

In the meantime, it is overhauling the Dr Martens range by introducing new colours and leathers. But the basic style will not change. Griggs depends on economies of scale for its profitability, so the Dr Martens air-cushion-soled shoes and 1460 boots that Blackmans sells will stay exactly the same.

Tour operators cut capacity as holiday bookings fall steeply

By David Churchill, Leisure Industries Correspondent

BRITAIN'S package tour *operators have, for the first* time for more than a decade, cut their planned capacity for next year.

The move is a reaction to the steep fall in package holiday bookings this year. Trade estimates suggest that the number of overseas package holidays sold this summer will be 10 per cent below the 1988 level.

The cut in capacity for next year was disclosed yesterday by the *Civil Aviation Authority*, which grants licences to tour operators allocating charter flights for holidays.

The CAA said the total applied for by tour operators was 4 per cent lower than the level estimated at the same time last year. "This represents a decrease of 585,000 holidays and reflects the first reduction in planned holiday capacity for *over a decade*," the CAA said.

The applications remain in force until next March, by which time the operators usually can determine the expected level of summer demand. At that stage they can reduce or increase the licensed charter capacity.

The sharp fall in holiday bookings after Christmas this year, for example, led tour operators to reduce their *capacity planned for summer.*

The main reason for the drop in bookings, according to tour operators, has been the sharp increase in mortgage and interest rates this year.

However, other trade observers suggest that the airport congestion and delays of last summer have also deterred some holidaymakers from booking a Continental package holiday.

Bookings for UK holidays this year are running at the highest level for several years. Domestic companies believe that if the early May temperatures continue through the summer, the UK holiday industry will have its best ever year.

The CAA figures show that the five largest tour operating groups account for almost 72 per cent of the total charter *capacity planned.*

Thomson Holidays, the largest operator, accounts for 39.3 per cent of licence applications, and International Leisure Group 16.3 per cent.

The other leading tour operators are Owners Abroad, Redwing Holidays and Airtours.

Winter warmers, Weekend FT, Page XXI

Barclays to sue in £12m Africa claim

By Raymond Hughes

BARCLAYS Bank of Swaziland *can go ahead with a £12m High* Court claim against a South African businessman as a result of a Law Lords ruling.

The bank is suing Mr John Aneck Hahn, who guaranteed the account of Swaziland Chemical Industries, which went into liquidation in 1984, allegedly owing Barclays £12m.

After failing to serve legal proceedings on Mr Hahn in South Africa, the bank issued a writ against him in England.

The Law Lords held that the writ had been validly served, even though Mr Hahn had at that time been out of the jurisdiction of the English courts.

He had flown into Heathrow Airport two hours after the writ was delivered to his Buckinghamshire flat.

On arrival, he was told that an envelope had been delivered by special messenger, and, guessing its contents, flew out of the UK the following day to Geneva without having visited his flat or having seen the envelope.

Lord Brightman said the writ had been properly served because Mr Hahn had known about it after his arrival in UK jurisdiction.

"He knew perfectly well what the envelope contained."

Tourist trade deficit 'will rise'

By David Churchill

SPENDING in Britain by overseas tourists is expected to more than double to £13.5bn by the mid 1990s, according to forecasts published by the British Tourist Authority.

But Britons holidaying abroad are expected to spend even more, leaving an expected deficit of almost £3.5bn on the UK's tourism account by 1995.

Last year the deficit on tourism reached a record £2bn in spite of a record 15.7m overseas visitors to Britain.

The BTA estimates that some 22m overseas visitors will come to Britain in 1995, a rise of 41 per cent of last year's total. Similarly, it expects the number of Britons travelling abroad to rise to some 41m.

The forecasts, published in the BTA's Tourism Intelligence statistics, show the strength of Britain's booming tourist industry as well as the continuing popularity of overseas holidays for Britons.

The key factor behind the growth rates for both incoming and outgoing tourists is the Channel Tunnel, due to open in 1993. The BTA estimates, for example, that the annual growth rate of incoming tourists will climb from 4.5 per cent a year to 5.5 per cent after the tunnel is opened.

The number of British residents travelling abroad is expected to grow at an annual average rate of 4.5 per cent until 1992, the rate rising after that to 6 per cent a year until 1995.

The growth of tourism in the UK over the past decade has pushed the country from sixth to fifth place in the international league table of tourism spending, according to the BTA figures.

A decade ago, the US earned the most income from international tourism, followed by West Germany, France, and Spain. Now Spain earns the most – as a result of the boom in its package holiday business – followed by the US, Italy, and France.

Tourism Intelligence Quarterly, BTA research services, Thames Tower, Black's Road, London, W6 9EL. £70.

Mail marketing code

NEW codes of practice for direct marketing have been published to protect consumers better against "junk mail" and telephone marketing abuses. The codes have been worded in co-operation with the OFT by the British Direct Marketing Association and Mail Order Publishers' Authority.

Manx accountants 'plainly assisted' fraud

By Raymond Hughes, Law Courts Correspondent

A PARTNER and an employee in an Isle of Man accountancy firm "plainly assisted" in a systematic fraud on a subsidiary of Agip, the Italian oil company, a High Court judge said yesterday.

Mr Barry Jackson, a partner of Jackson & Co, and Mr Ian Griffin, his employee, were liable to Agip (Africa) because, although the possibility of a fraud on the company had been drawn to their attention, "they failed to make the inquiries which honest men would have made to satisfy themselves that they were not *engaged in furthering a fraud,*" said Mr Justice Millett.

He ruled that the two men and Mr Jackson's partner, Mr Edward Bowers, who, the judge said, was "vicariously" liable for the acts of the other two, must pay $473,662 (£293,653) to Agip.

The money was part of the last of a series of payments diverted from the company and paid away before the fraud was discovered.

Mr Jackson and Mr Bowers were also ordered to pay Agip (Africa) the $45,160 balance of that last payment.

The three men are to consider an appeal.

The judge said that over many years Agip (Africa) had been systematically defrauded of millions of dollars by its chief accountant, Mr Zdiri, who altered the names of payees on payment orders after they had been signed.

Between March 1983, when Jackson & Co came on to the scene, and January 1985 alone Agip was defrauded of over $10.5m through about 27 payments made to English companies managed by the defendants in the Isle of Man.

The fraud was discovered shortly after the last of the diverted payments – $518,822 to Baker Oil Services – had been made.

The judge said Jackson & Co had provided a series of payee companies with Mr Jackson and Mr Griffin as directors. After each company had received and paid out two or three diverted payments it was put into liquidation.

The money was transferred to Euro Arabian Jewellery, an English company of which Mr Jackson was a director.

Most then went to Kinz Joailler, a French company of which Mr Jackson was the sole *director, but some went to Mr* Yves Coulon, a French lawyer, and to a Mr Chouck ben Abdelaziz, who had not been further identified.

The judge said Mr Jackson and Mr Griffin plainly assisted in the fraud. They must have realised that the only function of the payee companies or Euro Arabian was to act as "cut-outs" to conceal the true destination of the money.

The evidence against the two men was damning.

"They are professional men. They obviously knew that they were laundering money . . . Secrecy is the badge of fraud. They must have realised at least that their clients might be involved in a fraud on the plaintiffs.

"I am led to the conclusion that Mr Jackson and Mr Griffin were, at best, indifferent to the possibility of fraud. They made no inquiries of [Agip] because *they thought it was* none of their business. That is not honest behaviour.

"The sooner that those who provide the services of nominee companies for the purpose of enabling their clients to keep their activities secret realise it, the better," the judge said.

Government to toughen laws on media ownership

By Hugo Dixon and Ivor Owen

RULES for preventing media moguls dominating broadcasting are to be toughened as a counterpart to the Government's plan for injecting more competition into the industry, the Home Office said yesterday.

The proposals, which are stricter than those contained in last year's broadcasting white paper, are designed to prevent unhealthy concentrations of ownership and editorial uniformity. They apply not only to organisations building up a dominant position in broadcasting, but also to newspaper proprietors with ambitions in radio and television.

Announcing the proposals in the Commons, Mr Tim Renton, Home Office Minister, also confirmed that advertising agencies would be precluded from holding commercial television or radio licences.

Specifically, the Government is proposing that no group should be allowed to own more than two of the new regional TV licences that are to replace the ITV licences. Even then, the licences must not be for large or neighbouring areas.

National newspaper owners will be stopped from taking stakes of more than 20 per cent in any of the new regional licences. They will also be prevented from taking stakes of more than 20 per cent in national radio franchises or in satellite TV systems.

Similar restrictions are proposed to stop owners of broadcasting licences building up positions in the newspaper industry. Equally, the Government plans to prevent the growth of local TV and newspaper monopolies.

Slightly different rules are to apply to Mr Rupert Murdoch's Sky TV satellite business because this does not formally come under the Government's jurisdiction. Although Mr Murdoch will not be allowed to take stakes of more than 20 per cent in UK broadcasting businesses, he will be permitted to keep his ownership of five national newspapers.

The Government's proposals represent a tightening of its original plans except in one respect. It is no longer pressing ahead with a scheme to prevent British Telecom and Mercury Communications from adding to their cable TV interests.

In the Commons, demands for adequate safeguards to ensure that the wider use of new technology, particularly when controlled from outside the UK, did not lead to an unacceptable fall in the quality of programmes dominated a debate on domestic and satellite broadcasting.

Dealing with the future financing of the BBC, Mr Renton reaffirmed that the licence fee, both for television and radio, could not be regarded as "immortal". It was a matter that would have to be considered in the early 1990s when the BBC charter was reviewed.

Mr Renton appeared to rule out any further significant changes in the broadcasting white paper by suggesting that only details affecting the "cornice or pediment" were likely to be involved.

Mr Robin Corbett, speaking from the Opposition front bench, said Labour welcomed the changes that new technology was making possible, but insisted that greater choice must be combined with higher quality.

THE BBC plans a business programme financed by advertising and subscriptions. The programme will probably be launched early next year and will be broadcast in the middle of the night. It is modelled on the company's existing medical programme for doctors.

The programme will contain share prices and other financial information. Customers with a special coding device will be able to record it to watch at their convenience.

BBC appoints current affairs director

Financial Times Reporter

MR Ian Hargreaves has been appointed the BBC's director of news and current affairs in succession to Mr Ron Neil, who has become managing director, regional broadcasting, it was announced yesterday.

Mr Hargreaves, 37, who joined the BBC two years ago from the Financial Times, where he was features editor, will be responsible for the day-to-day running of all the BBC's news and current affairs programmes. He is currently controller, news and current affairs, a post that will now lapse.

Mr Neil's appointment, which was announced last month, gives him a seat on the corporation's board of management. He will be in charge of all the BBC's TV and Radio programmes from Scotland, Wales, Northern Ireland and the five English regions.

Bank lending slows gradually after £7bn increase last month

By Ralph Atkins, Economics Staff

BANK AND building society lending rose a seasonally adjusted £7bn last month and appears to be slowing only gradually, according to Bank of England figures yesterday.

The increase was slightly higher than the average for the previous six months but down from the £7.8bn reported in March. However M0, the narrow measure of the money supply which is targeted by the Treasury, edged downwards, approaching the range announced in the Budget.

Together the figures gave confusing signals about the UK economy, suggesting that activity might be slowing while lending remains robust. Many City analysts fear that excessive growth in bank borrowings will add to inflationary pressures.

M0, which consists almost entirely of notes and coins in circulation, increased by 5 per cent in the 12 months to April – reaching the top end of the 1 per cent to 5 per cent set by Mr Nigel Lawson, the Chancellor, for the 1989-90 financial year.

However, the figure was artificially reduced by lower-than-normal spending in the weeks after Easter. Seasonally adjusted figures, which give a better guide to the trend, showed an increase of 5.7 per cent, down from 6.2 per cent in the 12 months to March.

The Treasury said M0 was showing a sharp slowdown and would come within its target range shortly. The indicator is regarded as a good coincident indicator of economic activity.

Broader measures of the money supply, however, continue to show strong growth. M4, which includes bank and building society deposits, increased by a seasonally adjusted 18.1 per cent in the year to April, compared with 18.4 per cent in March.

Figures issued by the Committee of London and Scottish Bankers, representing high street banks, show that bank lending to the personal sector was subdued last month, although still relatively high. Lending for house purchases increased by less than half the rise reported in April last year.

Borrowing by companies also remained firm but might have been distorted by the possible slowdown in economic activity with businesses having to finance involuntary stockbuilding. Borrowing might have been boosted by investment programmes or to pay for imports.

Mr Nigel Richardson, economist at Warburg Securities, said: "The screws have tightened on the personal sector, but the corporate sector has not yet begun to feel the pinch."

Profit 'cut by a third for 1986' at Lloyd's

By Nick Bunker

LLOYD'S insurance market's 1986 profits have been cut from £800m to £514m largely because of mounting asbestos and toxic-waste clean-up claims from the US, an independent firm of researchers has forecast.

London-based Chatset, run by Mr John Rew and Mr Charles Sturge, said that 1986 was a very profitable year for marine and non-marine insurers, but they were again having to add substantially to their reserves against claims emerging from policies written in prior years.

One large marine syndicate, number 65, run by the Henry Chester underwriting agency, discovered "a serious shortfall" and was raising its reserves against asbestos and pollution-related claims, according to Chatset. The results of losses from old years were "very apparent" among Lloyd's marine syndicates.

The firm's preliminary forecast precedes by four months the official announcement from Lloyd's. Chatset's estimates are based on results from individual syndicates, which under the Lloyd's three-year accounting system have been publishing their 1986 profits and losses in the last few weeks.

Chatset said that two years ago "there was much talk . . . of a £1bn profit for Lloyd's" from its 1986 business, mainly because of the marked upturn in insurance premium rates which began in the US and the UK in 1984-85, and because of relatively few large aviation-related claims.

In January, the firm forecast an after-tax profit of £800m, which it has now revised downwards. "Where have all the profits gone? Bolstering up old years seems to be the answer," Chatset said.

It estimated that non-marine syndicates made £312m profit after tax in 1986, but that fell to £217m after the syndicates between them added about £95m to their prior years' reserves. Marine syndicates added about £30m to prior years' reserves, cutting their overall 1986 profits to about £200m.

Aviation syndicates had turned in remarkably good results however, with net profits of more than £100m, even though their total underwriting capacity only amounted to premiums of £484m in 1986.

London Brick plans 200 redundancies

By Andrew Taylor

LONDON BRICK, Britain's biggest brick manufacturer, plans to make 200 to 300 of its 4,000 workers redundant by the end of next month.

The company, owned by Hanson, said yesterday that the redundancies stemmed from improvements in productivity. It had taken on some 250 temporary workers about 18 months ago and these jobs were no longer required.

Hanson denied that the decision had been influenced by a sharp fall in house building during the first four months of this year. Stocks of unsold bricks had increased but remained at a reasonable level.

It said: "We expect to produce the same number of bricks in the next 12 months as we did in the last 12 months but with slightly fewer workers." The company was forecasting record profits for its brick-making subsidiaries in the current financial year.

Cross-border move to curb drug trade

MINISTERS from Council of Europe nations yesterday agreed to step up moves to cross-border confiscation of proceeds from drug trafficking.

Countries in the Pompidou group announced a joint declaration aimed at the seizure of assets bought by laundered drug money.

Ulster turns its back on extremes

Kieran Cooke and Our Belfast Correspondent on the elections

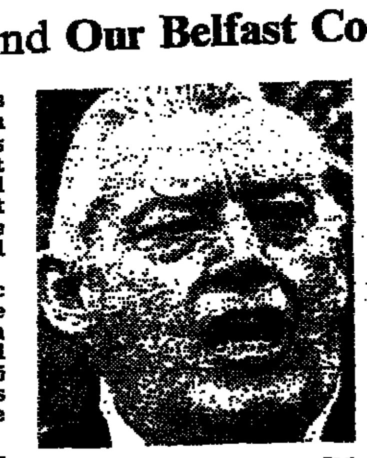
THE political ground has shifted slightly in Northern Ireland. As final results were declared last night in the province's local elections it became clear that parties regarded as being more on the extreme of the political spectrum had fared badly.

Mr Ian Paisley's Democratic Unionist Party, which for the past four years has been involved in a highly publicised campaign against the 1985 Anglo Irish Agreement, saw its share of the vote drop by more than 6 per cent.

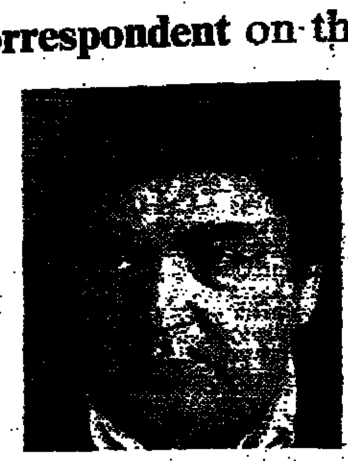
At the other end of the spectrum Sinn Fein, the IRA's political wing, saw its vote drop in some parts of the province, though support continued to be strong in the key nationalist area of West Belfast.

Both the Ulster Unionist party, which won more than 30 per cent of the vote and the mainly Roman Catholic Social Democratic and Labour Party made significant gains in a number of areas.

With nearly all results declared, the Ulster Unionists had won 191 seats, gaining five seats, the SDLP 121, gaining 19 seats, the DUP won 110, losing 24 seats, Sinn Fein won 42, down 11 seats and the Alliance Party won 37, up by 5 seats.



Ian Paisley: campaign did not please electorate



John Hume: "People are fed up with violence"

Mr Tom King, the Northern Ireland Secretary, said that there had been a rejection of the extremes. "I think that most people in Northern Ireland want to see a more constructive, a more sensible approach and have been quite frankly appalled in recent years at the behaviour of some of their elected representatives," he said.

The Democratic Unionist Party say that many of their supporters did not vote because the Northern Ireland Office refused to listen to their protests against the Anglo Irish Agreement.

Mr Gerry Adams, the President of Sinn Fein, said that the strength of the vote for his party was "nothing short of miraculous" in the light of the Government broadcasting ban on Sinn Fein introduced late last year and what he called a campaign of murder and intimidation against Sinn Fein candidates.

"Our opponents set out to smash Sinn Fein. They have failed," said Mr Adams.

The SDLP did well in both urban and rural areas. In Londonderry the party won 15 of the 30 seats on the city council. In County Down the SDLP took overall control of the local council.

Mr John Hume, leader of the SDLP, said the message of the elections was clear. "People are fed up with violence and intransigence" he said.

Mr James Molyneaux, leader of the Ulster Unionists, said his party had clearly retained its position as the dominant force in Northern Ireland's politics.He said that voters had endorsed the party policy of opposition to the Anglo Irish Agreement.

Mr Molyneaux said that the pact between his party and the DUP for fighting the Agreement would continue.

While many claimed that the election results showed a shift towards the political centre in Northern Ireland others pointed out that only 55 per cent of the electorate bothered to turn out to vote. This was well down on the last local elections in 1985.

Analysts say that it was noticeable that in many areas people seeemed to vote more for personalities than for parties and that there was a large degree of disillusionment with established party politics in the province.

N Ireland job discrimination bill is made stricter

THE GOVERNMENT is making changes to a bill that reinforces rules to prevent religious discrimination against job applicants in Northern Ireland, writes Richard Donkin.

As a result of amendments to the Fair Employment (Northern Ireland) Bill, the Labour Party, which applied a three-line whip to oppose the legislation at its second reading in the Commons, is expected to support the bill at its third reading scheduled next Thursday.

Mr Kevin McNamara, Labour's spokesman on Northern Ireland, said yesterday: "Following useful discussions with the Secretary of State, the Government has accepted our point of view on a number of issues."

The 72 government amendments and one new clause tabled before the weekend, as well as extra amendments expected on Monday, cover most of the changes Labour had been demanding to make it more difficult for employers to discriminate in their employment policies.

One of the amendments allows an employer to determine what section of a community an employee belongs to. Previously, the employer would have been required to accept the employee's word on that particular matter.

The Northern Ireland Office is particularly sensitive to support within the US for the so-called MacBride principles, which include demands for US companies investing in the province to take affirmative action to increase representation of religious minorities in the workforce. Two and a half times as many Roman Catholic men as Protestant men are unemployed in Ulster.

Fokker plan for Shorts would end aircraft final assembly

By David Brown in Amsterdam

FOKKER, the Dutch aerospace group that has submitted a joint bid with GEC of the UK for Short Brothers, will scrap Shorts' proposed £500m FJX commuter aircraft programme and gradually phase out all final asssembly of commercial aircraft if its joint bid for the Belfast aerospace concern succeeds.

Mr Erik Nederkoorn, Fokker's deputy chairman, said yesterday: "We have never viewed Short Brothers as an alternative for final aircraft assembly."

Shorts makes the wings for the Fokker F100 twin-jet 100-seat airliner.

He added: "We do not think the FJX can be developed and produced at a competitive price." The FJX would compete in the same market as Fokker's F50 turboprop twin.

The UK Government has been seeking bids from companies that are prepared to continue aircraft manufacturing at Shorts. Shorts makes a range of small commuter aircraft and the military Tucano trainer for the RAF.

The twin-jet FJX 50-seat regional airliner is in the earliest stage of development, while the F50 is in production and has 98 firm orders plus 32 options.

Bombardier, the Canadian group that owns Canadair and has submitted a rival bid for Shorts, is also thought unlikely to continue the FJX because it competes with its Canadair Regional Jet, launched in March, which is also winning orders in world markets.

On Shorts' existing commercial aircraft, Mr Nederkoorn said the small SD330 and SD360 regional airliners "are at the end of their life cycles." Fokker had proposed a restructuring programme that concentrated on development of Shorts aerostructures (aircraft parts) operations.

Fokker and GEC are prepared to guarantee only the 3,500 manual jobs at Shorts but have not made any further commitment concerning the rest of the 7,600-strong workforce.

"Our main interest in Short Brothers has been to secure a steady supply of wing assemblies" for the F100, Mr Nederkoorn said. Shorts will produce about 28 F100 wing assemblies each year.

Its aerostructures unit also supplies parts for big jet manufacturers such as Boeing. Even if the Bombardier bid succeeds, Shorts will continue to provide F100 wing assemblies, building up, Fokker says, to an output of about 45 a year by 1991.

However, as part of a broader capacity expansion programme, Fokker is seeking a second source of supply for these assemblies. It is "very close" to a decision on how to expand production capacity, either at its Schiphol plant in Amsterdam or in the US, after a spate of large orders in recent months for its F100s.

Fokker management said it was in the "final phase" of discussions with Lockheed, Rockwell and Grumman of the US.

Parkinson defends coal policy

By Steven Butler

THE Government remains totally committed to the British coal industry but will not restrict imports to protect it, according to Mr Cecil Parkinson, Energy Secretary.

Mr Parkinson, speaking yesterday at a conference of the Institute of Mining Engineers in Harrogate, rounded on critics of the Government's policy toward the coal industry.

"Charges that the Government is hostile to coal are not borne out by our record of financial support for the industry," he said. "They boil down, no less, to our refusal to ban fair competition from coal imports."

He said that while he was committed to the industry's success, that should not be achieved by restricting competition.

Mr Parkinson praised the sharp increase in the industry's productivity, which he said was unlikely to be matched anywhere else in British industry. This was caused by an increased concentration of production and investment in lowest cost pits.

He said the future shape of the industry would be determined by negotiations under way for coal sales to National Power and PowerGen, the two yet-to-be privatised electric utilities. Sales to the power industry accounts for three quarters of British Coal's business.

Sir Robert Haslam, British Coal chairman, predicted earlier at the conference that British Coal would retain the bulk of its business after privatisation.

Mr Parkinson said that while he was concerned about the contribution of coal burning to global warming, coal was too important a natural resource to be neglected.

He welcomed British Coal's development of new coal-burning technology.

Privatisation of the coal industry would not take place until after the next general election.

However, Mr Parkinson said it was clear that managers and workers would have the opportunity to become part-owners of the industry through special shareholding arrangements.

EMS policy 'threat to finance'

By Richard Donkin

MR PADDY ASHDOWN, leader of the Social and Liberal Democrats, said in London last night that Britain's financial interests were being left to rot because of Mrs Thatcher's refusal to join fully the European Monetary System.

In a speech at a rally for the European elections, Mr Ashdown attacked the Prime Minister's stance on Europe as "her final bulwark of prejudice, obstinacy and insularity, defended against most of her own Euro MPs, against business and commercial opinion and against a growing number of her own Cabinet ministers by her peculiar cocktail of ignorance and gut dislike of Europeans."

Mr Ashdown said that a natural convergence of monetary polices was in progress, but "as long as Britain stands apart from this process, our destinies will be controlled by others."

He warned: "If London wishes to retain its status as the financial capital of Europe, it will have to ditch this government."

The Democrat version of Europe, he said, was one of closer economic and political integration. Britain's "shameful contempt" for Strasbourg and Brussels damaged its own reputation and distorted the balance of the European Parliament.

● Dr David Owen, leader of the Social Democratic Party, told the Cardiff Chamber of Commerce yesterday that Britain was becoming ever more isolated and vulnerable in world economics.

He said: "Germany has the power to challenge the sovereignty of London as Europe's financial centre: all they need is the opportunity."

Car output up 6.5% in April

By Kevin Done

UK CAR production in April was 6.5 per cent higher than a year ago at 120,458, according to provisional Trade and Industry Department figures.

In the first four months of the year car output was 13.6 per cent higher at 476,462 compared with 419,237 in the corresponding period of 1988.

Production a year ago was depressed by the two-week strike which closed Ford's UK plants.

Ford vehicle output in 1989 is clearly higher than a year ago but UK production is also being boosted by sharply higher output at Peugeot Talbot's Ryton, Coventry, assembly plant and at Nissan's Sunderland car plant.

According to the DTI, car production in the last six months was 16 per cent higher, on a seasonally adjusted basis, than the corresponding period a year ago.

UK output of cars and commercial vehicles is being boosted by continuing record demand in the UK market.

Whitehall told 'think small'

By Charles Batchelor

THE GOVERNMENT is stepping up its efforts to persuade Whitehall departments to buy from Britain's small businesses.

It yesterday launched a booklet entitled Think Big Buy Small, intended to help the Government's 8,000 purchasing officers deal with small companies and a revised and expanded version of Tendering for Government Contracts.

Mr John Cope, Small Firms Minister at the Department of Employment, said in many instances small businesses could provide better value.

Both booklets from Department of Employment, Small Firms Division, Steel House, Tothill Street, London SW1H 9NF. Free.

Senior judges to discuss legal reform proposals

By Robert Rice

MORE THAN 100 High Court and Court of Appeal judges will meet in closed session today at the Royal Courts of Justice in London to finalise their response to the controversial green paper proposals for the reform of the legal profession.

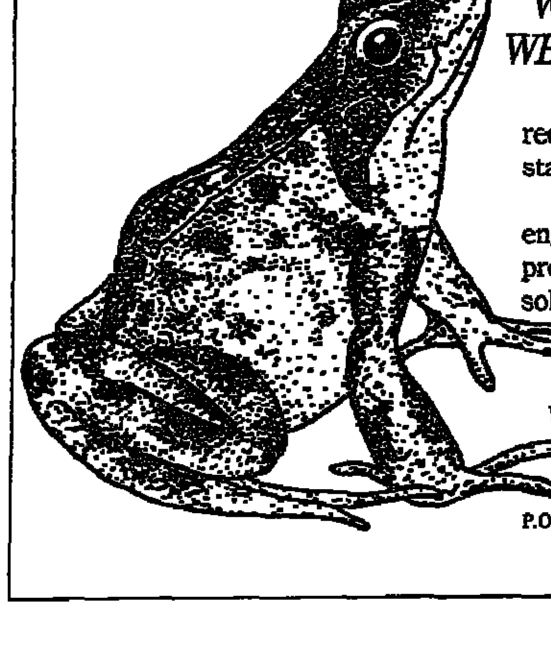
The meeting was postponed in April amid allegations that the decision to hold it during a working day was designed to be deliberately disruptive and amounted to little less than industrial action by the senior judiciary.

Lord Mackay, the Lord Chancellor, agreed to give the judges an extension beyond the May 2 deadline for responses to the green papers when it became clear that it would otherwise be impossible for the judges to meet in non-working hours and finalise their response before the end of the consultation period.

One incidental result of the postponement is that Lord Mackay, who was out of the country on the original date of the meeting, will be able to attend.

The meeting of the Council of Judges will be presided over by the Lord Chief Justice; Lord Donaldson, the Master of the Rolls; and the leaders of the Divisions of the High Court.

Lord Donaldson made clear yesterday that no statement would be issued to the media before Tuesday.



Home loans chief attacks Financial Services Act

By David Barchard

THE FINANCIAL Services Act has failed to achieve its objectives of reducing fraud and has had damaging and costly consequences according to Mr Richard Lacey, chief executive of National Home Loans, the fifth largest UK mortgage lender.

The act needed "radical surgery," he said in London at a lunch given by the Corporation of Insurance and Financial Advisers, which represents the brokers directly affected by the working of the act.

He said that in the 13 months during which the act had been in force it had reduced the availability of independent financial advice and the competitiveness of insurance markets.

Although the act's provisions have been widely criticised, this is the first time that a leading industrial figure has delivered such a forthright public attack on its effects.

"Parliament . . . certainly didn't intend the FSA to threaten or hamper our financial services industry."

He added that the British financial services industry was the oldest in the world: the second or third in size; and "arguably the most successful and innovative."

He said: "All this has been achieved by voluntary recruiting, and then suddenly it is a crime to enter this industry without permission."

Survey names Warburg leading mergers adviser

By David Waller

S. G. WARBURG was the leading mergers and acquisitions adviser in the first quarter of the year, according to a survey published by Extel Financial/IDD.

Warburg advised on 17 public and private transactions during the period, worth a total of £1.23bn.

The nearest rival was Charterhouse Bank, with 12 deals worth £935.6m, followed by J. Henry Schroder Wagg with nine worth £885m.

The survey shows that Warburgs was the leading financial adviser on transactions involving public quoted companies, with 13 deals worth £900.6m. However, Charterhouse displaced Warburg from the number one slot as adviser to acquirer companies.

During the period, there were 468 completed deals with a total transaction value of £6.1bn, compared to 461 deals worth £7.2bn in the first half of 1987 and 1,837 deals worth £34.1bn over the whole of the year. There were 629 announced bids worth £6.6bn in total.

Prices paid for companies fell. The average exit p/e was 21.8 against 24.6 for the 12 month rolling average.

Bid premiums to the price prevailing one day and one month prior to the bid were 24 and 33 per cent respectively against 27 and 39 per cent for the whole of 1989.

UK NEWS

;reen paper on rivate-sector oads next week

Andrew Taylor, Construction Correspondent

/ERNMENT plans for ately financed toll roads expected to be published week in a green paper, Mr l Channon, Transport Secry, said yesterday.

; declined to disclose the tents of the discussion ;r, which is expected to r the rights of developers etermine toll rates, compul- purchase of land and the ;th of time developers ht be allowed to own and ate individual roads.

r Channon said the effect the proposals would be ll compared with the ouncement on Thursday t spending on motorways trunk roads would be more n doubled to £12bn over the t decade.

Whatever may be the case the private sector I do ure for the foreseeable ire – perhaps for the rest ll our lives – the public or is going to be the major vider of roads in Britain."

ome private developers and l authorities hope next k's discussion paper will sider allowing promoters to e private investment by ing property rights along ate roads.

he London Docklands elopment Corporation, for mple, proposes to use its cial planning and compul- y purchase powers to nce the extension to the don Docklands Light Rail- y by selling property rights ng the route.

he green paper is likely to de the rights of developers et their own tolls. At the nent legislation is required et toll rates.

he Government has already l it will not allow shadow s where the Treasury pays agreed sum for each car ng a privately financed l.

romoters of privately nced schemes have also criticised the Transport Department's insistence that all proposals must be put to open tender.

Channon: public sector remains main provider

Developers say they are inhibited from coming forward with an original idea for a privately financed scheme if there is a possibility of a rival winning the work in a battle for tender.

They say it costs a lot of money to prepare schemes and that the originator of an idea should be given more protection.

The green paper is likely to consider ways of easing planning difficulties for private roads and arrangements of how land should be acquired for new routes.

Both the Channel tunnel and a privately financed bridge across the Thames at Dartford have time limits on the concessions which have been granted to the developers, and similar procedures are likely to be adopted for other schemes.

The green paper is also likely to outline the Government's revised criteria for approving privately financed schemes after the retirement of the Ryrie rules earlier this month.

apanese invest in iotechnology group

Peter Marsh

TISH Biotechnology has d £20m, a third of it from nese investors, to help the pany in a new phase of its lopment programme.

e investment is part of a iche of finance being nged for the company by inwort Benson, the mernt bank. It brings the total king given to the company, ich was formed in 1986, to ne £30m.

British Biotechnology is rking on new generations of armaceuticals which could on sale in the mid 1990s for ating a range of diseases, luding AIDS, arthritis and od disorders.

t already has among its reholders two big US drugs ups, SmithKline Beckman l Johnson & Johnson.

ir Keith McCullagh, chief cutive, said the company ected to gain a further £5m nvestment by the time the scription for the latest nd of finance closed next inesday.

hat would mean the total h raised in this tranche ld be roughly £25m, a sum ch Mr McCullagh said demonstrated the confidence placed by the financial community in his company.

He said the names of the Japanese investors – one of which is a large pharmaceutical company – would be disclosed later.

Several large Japanese drugs companies, such as Takeda and Yamanouchi, have expressed interest in expanding their activities in Europe but so far have made little direct investment. Most of their sales in this region are by licensing agreements or joint ventures.

Other organisations that have put new money into British Biotechnology in the latest tranche include some of its existing shareholders. Apart from the US groups these include Biotechnology Investments and Abingworth, two UK venture capital concerns.

British Biotechnology, based in Oxford, had sales of £3.2m last year. It employs 120 people. Most of its revenues come from research programmes for customers such as SmithKline Beckman and Abbott Laboratories and Pfizer, two other US drugs companies.

EMPLOYMENT

Aslef abandons ballot on strike against BR package

By Jimmy Burns, Labour Staff

ASLEF, the train drivers' union, decided yesterday at its annual conference in Scarborough to rule out any new strike ballot over British Rail's pay policy.

The move is a further blow to the unity of the rail unions. That was undermined on Thursday by a separate Aslef conference decision to suspend an existing ballot about pay and new negotiating machinery planned by BR.

The National Union of Railwaymen repeated last night that it still planned to ballot its members over the pay and bargaining issues at the end of this month.

But Aslef looks set either to abandon the pay issue or to follow TSSA, the white collar union which has decided to refer the pay issue to the Railway Staff National Tribunal for arbitration. TSSA has done that even though BR has indicated it may not accept any ruling as binding.

Aslef is understood to be planning to continue to campaign actively against any changes to the existing machinery of negotiation.

BR's decision to follow up its 7 per cent pay increase for all staff, with an offer of additional allowances to selective groups of employees in the south-east appears to have weakened the resolve of some drivers to commit themselves to strike action.

The inner London allowance for staff employed within a 16-mile radius of Charing Cross has been increased from £946 to £1,200 a year. The outer London allowance within a 40-mile radius has been increased from £473 to £550 a year.

Meanwhile BR has created a new south-east allowance worth £200 a year for to staff on some routes more than 40 miles from Charing Cross.

The pay increases are expected to be in place this weekend and backdated to April 10.

They will extend special allowances to 14,000 more BR staff. About 35,000 BR staff have now been selected for special pay treatment, including about 7,000 drivers or about 35 per cent of Aslef's membership.

In a letter to rail unions this week, BR describes the package as "significant improvements in pay and conditions."

Aslef leaders are calling the general secretaries of the NUR and the TSSA to a joint meeting next Friday in an apparent attempt to recover at least a semblance of unity.

But some union officials indicated yesterday that Aslef's conference decisions may increase inter-union rivalry in the coming months.

The TUC has yet to decide on what steps to take to try and resolve a dispute between the NUR and Aslef about membership "poaching." The row follows the ending by BR of demarcation between drivers and guards.

Banks' 7.5% pay proposal meets cool response

By Michael Smith

OFFERS by Midland Bank and Lloyds Bank to increase the pay of non-managerial staff by 7.5 per cent have met a cool response from union leaders.

Of the four sets of union groups involved, only one – the Lloyds section of the Banking, Insurance and Finance Union – is recommending acceptance. The others are either seeking further talks or balloting members without giving a recommendation.

The unions' reception of the offers demonstrates the growth of pay pressure amid accelerating inflation.

Meanwhile Mr John Monks, deputy general secretary has been mediating in a row between Bifu and the MSF general technical union. When the bank withdrew collective bargaining rights from MSF, that union said Bifu would break inter-union procedures if it had talks with Midland.

Union wants lecturers to vote against offer

By David Thomas, Education Correspondent

THE ASSOCIATION of University Teachers is to hold a ballot on the employers' latest pay offer. It will advise its 30,000 members to reject the deal. The threat to this year's university exams will therefore remain for at least the next 10 days – the time needed to conduct the ballot.

The decision was made yesterday by the union's 200-strong governing council, meeting in Cardiff, against the wishes of its executive which wanted lecturers to be balloted without a recommendation.

Union members are refusing to mark exams as a result of the pay dispute. The recommendation against the deal reflects anger by many AUT activists that the latest offer is only slightly better than one rejected in March.

They are also concerned that it gives vice chancellors local discretion to improve the lump sum element. The latest offer is for a 6 per cent rise, a lump sum ranging from £150-£285 and 1 per cent for merit pay.

Mr Alan Carr, a delegate from the Open University, told the council: "If we do accept this deal, we have weakened our bargaining power for the foreseeable future." The recommendation to reject will create difficulties for the union's leaders who wanted to reach a settlement.

However, it still appears possible that a majority of ordinary AUT members will vote to accept the offer. The alternative is likely to be an increasingly bitter dispute which could affect degree ceremonies.

Ms Diana Warwick, AUT general secretary, told the council the union had reached the end of the negotiating process. She said that without a settlement individual vice chancellors would push for local deals and would discipline lecturers who boycotted the marking of exams.

Before reaching its decision, the council threw out both a hard-line attempt to reject the offer out of hand and a proposal to accept it now.

Widen entry to nursing for young, says Clarke

By Michael Smith, Labour Staff

MR Kenneth Clarke, Health Secretary, yesterday urged nursing authorities to widen entry to the profession for young people. His plea, which reflects growing recruitment and retention difficulties for the health service, came as he made the Government's most definitive statement yet on Project 2000, the biggest nurse education reform this century.

In a letter to the United Kingdom Central Council for Nursing, Mr Clarke said that Britain should plan for the ending of enrolled nurse training in five years.

He also suggested that nursing students should be expected to contribute not less than 1,000 hours of rostered service in their three-year training *programme. The 1,000 hours* represents about 20 per cent of training time, whereas some students now spend up to 60 per cent of their time in rostered work.

Mr Clarke said he recognised the work the council had performed in widening entry into the profession. He also said he *would like to see rapid prog*ress in introducing vocational qualification standards for support workers.

He said health departments were still receiving complaints about unduly rigid interpretations of entry requirements by schools and colleges.

Meeting today on threat to power supplies

By Fiona Thompson, Labour Staff

UNION LEADERS representing 76,000 manual workers in the electricity supply industry have been called to a meeting this morning. The employers are expected to increase their 7.5 per cent pay offer in an effort to avert action timed for Wednesday.

The four unions involved – the EETPU electricians, the AEU engineers and the TGWU and GMB general workers – last week announced plans for an overtime ban and a freeze on introducing new working practices from May 24 after rejecting the 7.5 per cent offer.

Since then, the Electricity Council has been consulting the Central Electricity Generating Board and the 12 area distribution boards in England and Wales, which it represents in pay talks, and the two Scottish electricity boards, which are party to the agreement, to see what scope there is for improving the offer.

It is thought that the unions would find anything less than 9 per cent unacceptable. Mr Fred Franks, EETPU national officer, said "if the employers make an offer that is a waste of time, we would walk away and action would start."

Overtime ban starts at Cadbury plant

By Richard Tomkins, Midlands Correspondent

ABOUT 1,800 workers at one of Cadbury's chocolate factories in Bournville, Birmingham, began an overtime ban and work-to-rule last night after rejecting an 8.75 per cent pay offer.

The workers overwhelmingly rejected the offer in a secret ballot even though it had been recommended by national officers of the TGWU general workers' union and by local shop stewards.

The employees have demanded an increase of at least 10 per cent – two points above the inflation rate – together with an extra two days' holiday and a one-hour cut in the working week to 38 hours.

Those demands will be viewed with concern elsewhere in industry because Cadbury has an almost unbroken tradition of harmonious worker relations.

The dispute affects only one of Cadbury's factories at Bournville.

It makes chocolates for Milk Tray, Rose's, and other boxed assortments. Other factories operate as separate profit centres and carry out their own negotiations.

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Governments and markets

WHO PULLS the economic strings, governments or markets? Last week the answer appeared unambiguous. Governments were helpless spectators, while private market participants, indifferent to official frowns, ran the show.

The investors that are pulling the dollar's strings appear determined to thwart adjustment of the US external deficit. Thus, at interest rates that make sense to the Federal Reserve for domestic purposes, the trade figures revealed this week were all that was needed to make the dollar – up some 5½ pfennig and 3 yen on the week – almost irresistible.

The March US trade figures were, indeed, encouraging. None the less, they suggest that at best only a slow improvement is in the offing. In 1988 the trade deficit was $120bn; it may be less than this in 1989, but is almost certain to exceed $100bn. Meanwhile, the balance on services will tend to deteriorate as debt service obligations mount progressively.

Yet even after its recent strength the effective nominal exchange rate of the dollar is still a mere 7 per cent above its lowest level of 1980 and 15 per cent above the trough reached at the end of 1987. One should never forget that, throughout the 1980s, the enthusiasm of investors – notably the Japanese – for investing and then losing money in the dollar when it has been at (or even well above) present rates has been almost uncontainable.

Plenty of theories

This suggests that the strength of the currency could well be sustained, though that can certainly not be a prediction. Any exchange rate performance can be rationalised and any prediction defended. Purchasing power parity has become the flavour of the month, but there are plenty of competitors and, if the dollar should dive again, there will be no lack of more than satisfactory theories to explain that as well.

What is clear is that the strength of the dollar adds to Mr Nigel Lawson's cup of woe. A strong dollar and a weak D-Mark add to inflation, but do little to improve export prospects. The evidence this week suggests that this is a combination that the British economy could have well done without.

It is certainly not Mr Lawson's monetary tightening since last summer that has been pulling the economic strings. Even excluding mortgage interest, the retail price index was up 5.9 per cent in the year to April 18 1989, such inflationary pressure being shown across the board. It now looks almost inconceivable that inflation will be down to 5½ per cent in the year to the fourth quarter of 1989, as the Chancellor forecast at the time of the Budget.

Tightening market

Nor was other news particularly helpful. The decline of 60,000 in unemployment in the latest month, welcome in itself, suggests a tightening labour market. It also suggests that productivity performance in the economy as a whole remains abysmal. Wages and salaries per unit of output rose 8.4 per cent in the year to the last quarter of 1988 and performance in early 1989 is likely to have been at least as bad. Meanwhile, the growth of narrow money may have slowed, but that of the broader aggregates, so important over the past few years, continues at a torrid pace.

Does all this suggest that governments are helpless to influence events? Not at all. It is rather that governments not only have a limited range of manoeuvre but can influence the behaviour of market participants, apart from those engaged in the financial markets, only over the longer term. It is for this very reason that they need to consider the full implications of policy choices so carefully.

In the case of global economic co-ordination, the effect on exchange rates can be immediate, but the longer term monetary consequences of exchange rate management are significant and choices correspondingly difficult. None the less, it is hard to believe that the implications of a further significant appreciation of the dollar would be other than highly damaging. At the same time, a carefully co-ordinated monetary loosening in the US along with tightening in Japan and West Germany, though risky, is unlikely to do serious harm. Even straightforward foreign exchange intervention, if on a large enough scale, could be very useful and would be a sensible way to profit from the reserves accumulated in 1987.

Meanwhile, for the Chancellor, the key point is not that he has no influence, but rather that what he does now can only affect the economy well in the future. The economy is now dancing to the tune he played before last summer. For most of the previous four years, whenever a choice had to be made that concerned the balance of risk between inflation in the long term and growth in the short term, the Chancellor chose the latter. The British economy will go on dancing to that tune for a long time to come.

Clive Wolman reports on Japanese industry's cost-saving achievements

Profiting from the pain of endaka

Deep inside the factories spread out along a narrow, 350-mile strip of land between Tokyo, Nagoya and Osaka lie the secrets behind one of the most remarkable upsets to conventional economic wisdom.

In 1984, the Japanese trade surplus was $45bn. Since then the yen has risen by 50 to 100 per cent against other major currencies – a development known in Japan as *endaka*. When sterling suffered a similar, rather less steep, rise in 1977-1981, British manufacturing industry suffered so badly that parts were completely eliminated. But in Japan, the result five years later is a trade surplus running at more than $100bn a year and a level of corporate profitability 30 per cent above that of 1984.

In the process, Japanese factories have reduced the break-even point for the profitability of their exports from Y210 to the dollar in September 1985 to Y114 in March 1988, according to an analysis by Fuji bank.

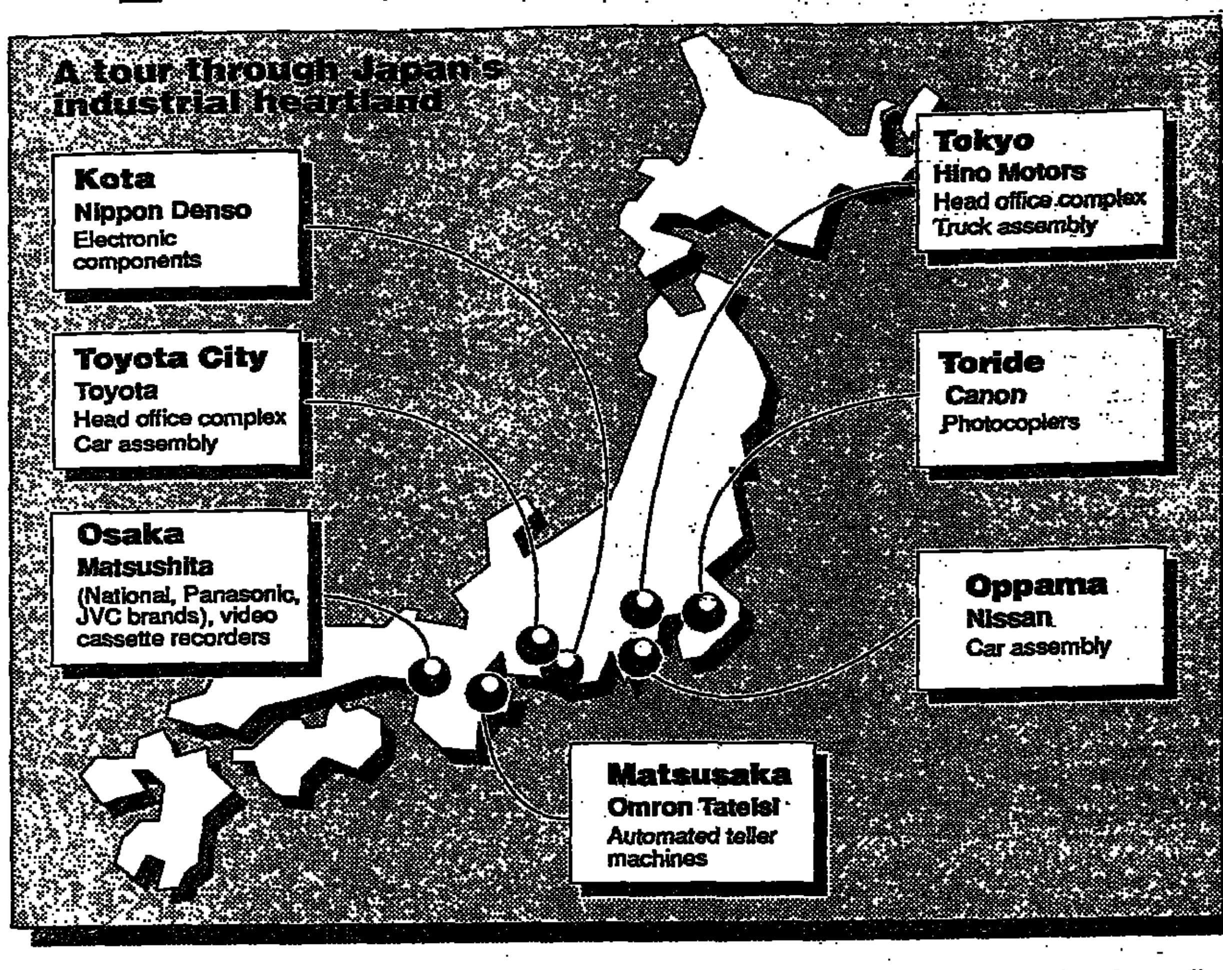
A number of factors have contributed to the sharp reduction in Japanese industry's cost base. The stronger yen has given Japanese companies access to cheaper imports of raw materials and simple components; they have also shifted lower value-added production to third world countries. But the most important factors have been cost cutting within Japanese factories; their upgrading of product design, quality and variety; and gains in productivity achieved – with very few redundancies – from an already remarkably high base.

Central to these successes has been the application of technology, in particular to the conveying of information around factories. New technology has been accepted by workforces protected by the promise of lifetime employment and trained in a far wider range of basic engineering and quality control skills than their western counterparts. Their acceptance was secured by the atmosphere of crisis and pressure generated by the *endaka* – as the rise in the yen has been called – in which management highlighted the dangers to survival. As the yen rose to 150 to the dollar, workers at Canon's Toride factory wore "150" badges to demonstrate their commitment to the cost-cutting programme necessary to allow the company to achieve profitability at that level. Now the target is to achieve profitability at Y100 to the dollar.

The classic Japanese devices of production worker quality circles and suggestion schemes have been expanded. Hino Motors' 10,000 workers, for example, have 645 quality circles and another 388 more recently formed "Discover Loss" groups. Every worker is expected to join one and each group is expected to come up with four to eight suggestions per month with prizes awarded for the best suggestions. The defect rate has fallen by 75 per cent since 1985.

Nissan, which suffered an operating loss in 1986-87, introduced the most intense forms of pressure. It streamlined the bureaucratic procedures for designing new cars and held two-day blitzes to promote the rapid introduction of robots and other new technology. The change programme at the company's Oppama plant was led by a 50-strong team, with members seconded for 12 months to act as internal consultants, advising on almost every operation.

Throughout Japanese manufacturing industry, the most conspicuous technological innovation of the past few years has been the spread of robots. Japan's robot population outstrips that of any other country; in tasks such as welding it has done so for more than a decade. In the last three years, large teams of robots have appeared elsewhere: the number



of robots employed by Toyota in materials handling rose from 50 in 1984 to 400 by last year.

At Nippon Denso's Kota plant, which makes electronic components, fork-lift truck operators have been replaced by robots that pick up and deliver parts around the production floor, each one humanised by singing its own song as it glides around. The skilled processing work is then often carried out manually, in contrast to many British factories, where it is the workers, often possessing few if any engineering skills, who fetch and carry the materials to the robots for processing. According to Mr Roy Westbrook of the London Business School: "Japanese factories have placed people in a better psychological relationship to automation by letting them feel that they are masters."

Another area of automation is inspection and quality control. At Omron Tateisi Electronics, robots test each automated teller machine the factory produces for up to 48 hours, feeding in cheque and credit cards and testing every possible combination of facilities. At Matsushita's video cassette recorder plant, each stage in the rapid mounting of integrated circuit boards is monitored by robotic "eyes".

But the most fundamental innovation in Japanese manufacturing has been the introduction of computers into production scheduling and control. They are used to ensure the delivery of the right components and materials to the right part of the production line just when they are needed. This represents the automation of the "just-in-time" production system which, over the last 15 years, has had far-reaching effects on manufacturing techniques world-wide.

The main reason that computer technology has been introduced so smoothly and effectively in Japanese factories is that it has been done incrementally, building on manually operated processes that were already orderly, completely visible and thoroughly understood by all the engineers involved. And just-in-time production has played a key role in simplifying and making transparent each stage of the manufacturing process. By contrast, firms in Europe and North America have often run into expensive problems in their attempts to introduce automation, as in General Motors' $20bn automation programme in the mid-1980s. The difficulties arose because the changes were too fast and radical and were imposed on a manual system that was chaotic or at best complex, opaque and inadequately comprehended.

Nissan has cut its inventory level by a third over the last four years

Even today, most of the efficiencies and orderliness of Japanese factories, as well as their quality control and speed of response to changing market demands, derive less from automation than from imaginative low-tech devices. These include colour-coding, "foolproofing" – the modification of jigs, tools and fixtures to stop workers making common mistakes – and fast set-up and retooling times. The change-over times for dies in Toyota's stamping shops, for example, have been cut from as much as 10 hours to 165 seconds. Bar charts displayed on the notice boards of each team's and each individual's performance, task by task, on every change-over, sustains the pressure on them to keep reducing the time.

Fast change-over times, combined with the most publicised low-tech device in Japanese manufacturing, the *kanban* cards used to order the replenishment of materials and components, form the core of the just-in-time system. Many of the last four years' productivity gains can be traced to the computerisation of this system to facilitate the ordering and delivery of materials just before they are needed to be worked on. After being developed by Toyota in the 1950s and 1960s, many of the key elements of just-in-time production were adopted by other Japanese manufacturers in the late 1970s and early 1980s. Mr Westbrook argues that the just-in-time system, as used in Japanese automotive and electronics companies, "is the most important development in the manufacture of complex assembled products since Ford perfected the assembly line."

Most obviously, just-in-time production leads to a drastic reduction of inventory. This means less working capital, no double handling of components, no laborious checking of materials into and out of storage, and less warehousing space (an important point in land-hungry Japan). Just-in-time production allows machines to be placed close to each other – with no work in progress piling up between – which in turn makes it easier for teams of workers to supervise groups of machines.

In fact, the key benefit of the just-in-time approach is its impact on the organisation and motivation of the workforce. In the West, inventory is traditionally used as a buffer to absorb delays – and also mistakes. Just-in-time production is supposed to ensure that any defects and any production delays are immediately exposed. This in turn increases the pressure of responsibility on the individual worker; he or she can no longer bury defective products in a pile of inventory.

One of the great gains in the *endaka* period has been the filtering down of just-in-time systems to the second and third tiers of small suppliers, backed up by technology transferred from the larger companies. For example, Nippon Denso, which itself has to make 22 just-in-time truck deliveries of components to Toyota each day, has since 1986 worked with one of its own smaller suppliers, Anjo Denki, to automate its relay production line.

It is striking, however, how much extra inventory the big Japanese companies have managed to squeeze out of their own systems in the past few years. Nissan has cut its inventory level by a third over the last four years. Nippon Denso and Hino Motors have achieved similar cuts. About one-third of Hino's average in-process stocks of 4½ days' production is at any one moment in transit to customers or from suppliers. As its managing director Mr Hirochika Tamura remarks, "the congested roads around Tokyo are our most important warehouse."

Further savings are possible. For example, many companies, including Toyota, still requisition parts from suppliers by using *kanban* (just-in-time order cards) collected by the drivers of the component delivery trucks. Once it receives physical *kanban* from Toyota, Nippon Denso uses computers to read and act on them. "Electronic *kanban*" – fully automated on-line ordering of parts – is being introduced only slowly. And many suppliers have yet to be integrated into the just-in-time system. Thus Toyota has several days' inventory of steel lying in front of its stamping shops because of the reluctance of the steel companies to make more frequent deliveries.

Hino Motors provides an impressive demonstration of the flexibility of an automated just-in-time system. The company is now able to produce 1,900 different types of trucks (with 700 engine types) on the same production lines. Trucks are assembled to order one at a time – previously the minimum lot size was five – and with a lead time of only five days. This has given Hino such an advantage in enhancing designs and meeting swiftly the specific requirements of domestic truck users that most foreign truck manufacturers have despaired of penetrating the Japanese market, despite their cost advantage created by the rise of the Yen.

Yet even the most advanced Japanese factories are still far from the ultimate ambition of a completely computer integrated manufacturing system, seamlessly linking together computer-aided design, machining and processing and computer-controlled scheduling and materials handling and ordering. The potential of Japanese industry to achieve more cost-cutting, faster response times and a greater share of world markets is far from exhausted.

MAN IN THE NEWS

Deng Xiaoping

Determined to hold on to power so dearly won

By Colina MacDougall

A week ago Peking was all set to welcome Mikhail Gorbachev, the first Soviet leader to come to China for 30 years, in the theatrical setting of the city's vast Tiananmen Square. On the north stand the spectacular vermilion gates of the Forbidden City, in the centre the column dedicated to the fallen heroes of the revolution, while to the west rises the imposing Great Hall of the People.

It was here that the visiting leader was to get his first taste of Chinese ceremony, with a suitable crowd of welcoming demonstrators. But for Peking's top men, the plan went horribly wrong. By the time Mr Gorbachev was due to arrive, the square was already sardine-packed with tens of thousands of students and supporters demanding more democracy in the wake of the death in mid-April of the reformist leader Hu Yaobang.

Instead of the twin standards of China and the Soviet Union, the square was filled with college flags and banners emblazoned with biting criticisms of China's leaders. It was no place to take a long-awaited guest. The Soviet leader ended his first day sneaking in the back door of the Great Hall like some delivery boy.

The loss of face for China's leaders has been extreme. This must be especially true for 84-year-old Deng Xiaoping, who has been a particular target for the students. Never a patient man – said to be as peppery as his native Sichuan food – his anger at this humiliation is likely to exacerbate his fury at their personal attacks on him this week.

"Xiaoping, resign! Xiaoping, resign!" roared orderly columns of marching students yesterday. "Xiaoping, thank you and bye-bye," bellowed the posters. Or, more wittily, in a parody of a famous *bon mot* he made years ago justifying capitalist methods, "It doesn't matter whether the cat is black or white as long as it resigns."

Deng is now facing one of the toughest battles of his pugnacious career. He has held on to power since 1978. Initially, he accompanied his economic reforms with a touch of political reform; then when that seemed too threatening (or his old cronies complained about it) he turned it off. He never seems to have taken aboard the idea that the opening up that he promoted for China would make political reform more attractive to its citizens, and indeed necessary.

Now the students are demanding just the open scrutiny of the country's leaders and the freer society which he has rejected in the past. He has heavy backing in the leadership from the conservatives (which include the premier, Li Peng, in his fifties and young by Chinese standards but a rigid and mediocre thinker). But they are all deeply unpopular for the current mess in the economic reform, for which they are partly responsible.

Only Zhao Ziyang, the party leader, is at all trusted by the students. This week, when he apparently pinned the blame for the mistakes of recent years on to Deng, he seemed to be hinting that he might manoeuvre Deng into retirement. But "Deng will never retire willingly," said one Chinese, and it seems unlikely that student backing would be enough by itself to give Zhao the clout to do it.

Something extraordinary has happened to Deng's reputation since 1984. Then he was hailed as China's saviour, the architect of its economic reform, then at its peak of success. Agriculture was blossoming and the dangerous crevasses of the more difficult urban reforms had not yet begun to yawn. He was a hero in his own country, the architect of China's growth and impressive opening to the outside world after the bad days of the Cultural Revolution.

Now almost everyone in the Peking streets wants him to go. He's too old, they say, too stuck in the past, too anxious to hang on to near-imperial power, and above all, too corrupt.

Sadly, the advent of economic reform in China with its stress on private business has given huge opportunities for wheeling and dealing. It is now commonplace for the leaders' offspring to have cosy jobs and hefty bank accounts, and Deng's are no exception.

His son, Deng Pufang, until recently had links with a huge and dubious Chinese business enterprise trading abroad. Yet it is difficult not to sympathise a bit with the younger Deng's situation. Thrown out of a window in 1967 by Red Guards when his father was under attack as China's No 2 capitalist roader, he is paralysed from the waist down and runs the country's only fund for the handicapped.

The whole family had a bad time in the Cultural Revolution. Exiled to a deserted primary school in poverty-stricken Jiangxi province, the Deng parents scratched a living from the soil in its courtyard. The boy Pufang lay flat on his back in a Peking hospital, mostly neglected because of his family connections.

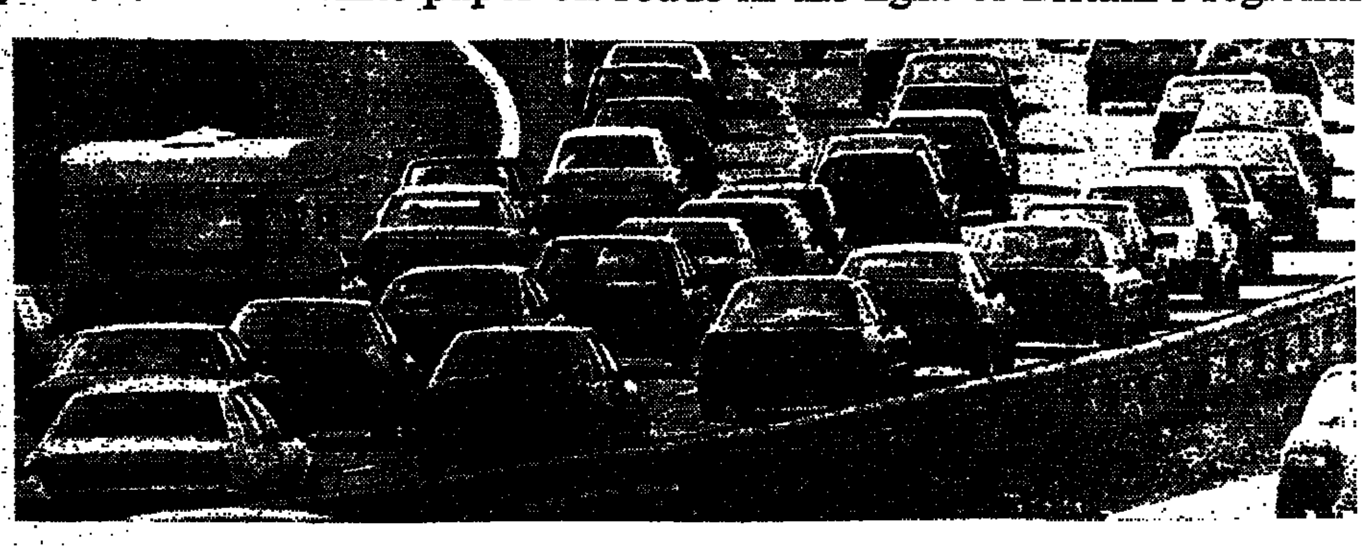
His parents eventually managed to have him brought down to Jiangxi, where Deng (according to an account produced by one of his daughters to celebrate the old man's 80th birthday a few years ago) nursed him back to some kind of health, washing and feeding Pufang himself. No doubt this story somewhat embellished the facts, but of Pufang's disability and its cause there is no doubt.

There is much in Deng's past to account for his grim determination to cling to power. He fought through the civil war and the historic Long March. With victory in 1949, he did well, trusted by Mao and carrying out the chairman's tough anti-rightist policies in the 1950s. He was no liberal in those days, any more than he is now. His liking for reform is strictly confined to the economic version, which could make China powerful and respected.

Yet when the Cultural Revolution came, it was just this trait which got him into trouble. After Mao's disastrous economic experiment, the Great Leap Forward of 1958, Deng attracted the Chairman's hostility by perking up the economy with a few capitalist touches.

He was exiled in Jiangxi until the 1970s, when, after five years of rehabilitation, he was sacked again as responsible for the Tiananmen protest of 1976 which grew out of the death of the charismatic premier, Zhou Enlai. Not till over a year after Mao's death did he get back to power, a position which he must now be determined never again to relinquish.

Hazel Duffy considers the white paper on roads in the light of Britain's regional imbalances



Treating symptoms rather than the root cause

Anxiety marks the pages of the Government's white paper on roads published ...week – the anxiety that, ...hout substantial additions ...the capacity of Britain's ...ds, business will be handi...ped in its efforts to compete ...h continental Europe. A ...e part of the extra invest...nt will go towards easing ...gestion on roads in the ...th of England and on main ...tes linking the rest of the ...ntry with the south-east ...the Channel Tunnel.

...he white paper lists ...tions for relieving conges...n." They include more use ...ailways and higher taxes on ...d users. These were dis...sed in favour of "widening ...sting roads and building ...roads in a greatly expan...road programme".

...he paper states the objec...es of the new programme:

...To assist economic growth ...reducing transport costs

...To improve the environ...nt by removing through ...fic in towns and villages

...To enhance road safety.

...here is no suggestion that a ...increase in roads spending ...ght also be directed to ...ourage a better balance of ...nomic activity between dif...ent parts of the country. But ...gestion is the most appar...symptom rather than the ...se of the malaise which is ...king the south-east. The ...trouble is that, relatively, the south-east has too much wealth, and it is becoming wealthier.

That problem is not being seriously addressed. Indeed, because of the Government's abhorrence of the sort of regional planning which the French and Germans would understand, it is the kind of difficulty which it cannot overcome. Moreover, some planning experts believe the changes which the Government is introducing in the planning mechanisms which determine land use will lead to yet more congestion in the south-east.

For centuries, Britain's south-east corner has been its focal point. There has always been an uneven geographical distribution of people and wealth around the country. For the last 50 years, governments have tried, with varying rates of success, to redress the imbalance.

Two reports published in wartime Britain have had a significant influence on planning. The Royal Commission on Distribution of the Industrial Population produced the Barlow Report which recommended decentralisation from London and regional balance throughout the country. It was to result in the system of regional incentives to industry which still exists, in modified form, today.

In 1944, Patrick Abercrombie produced his Greater London Plan, still revered among planners for its vision. It called for the dispersal of people and jobs from the inner core of London, and later, Glasgow. For 25 years, his recommended new towns became the focus for growth. The big conurbations all over the country progressively lost population.

In the 1960s, there was an attempt to intensify regional planning. Industry was refused permission to expand in congested areas like the west Midlands. The eventual closure of motor vehicle companies forced to relocate to Scotland serve as a powerful reminder of the failure of that episode.

The return to economic growth in the 1980s fuelled the prosperity that now strains the south. It has been exacerbated by the pace of the shift in the economy from manufacturing to a financial and services base. The south-east has been and will continue to be the main beneficiary. Another 150,000 to 200,000 jobs in financial services alone are expected to be created in the London area over the next 10 years.

In the Midlands, the north, Scotland, Wales and Northern Ireland, recovery came later, and has certainly been less profound. But few seriously advocate a return to the carrot-and-stick policies of the 1960s as a solution to the imbalance and they are certainly not in the Tory Party.

"We are not going to direct labour, industry or offices in the sense of saying 'you cannot build here, or you have got to build there'," says Mr Nicholas Ridley, the Environment Secretary.

Government policy is to encourage development in the northern industrial cities mainly by subsidising the restoration of land formerly used by industry and thereby make it worthwhile for developers to move in. And the new system of rating business will favour the north against the congested south.

Mr Ridley champions the north of England as preferable by far to the south. His ancestral family home is in the north-east, and he sincerely believes that in time people will see the benefits of moving away from the south, where land and house prices are much higher, to the north.

But planners argue that this attitude is far too relaxed in the face of the growing pressures in the south-east, particularly as Mr Ridley is also engaged in a shake-up which will devolve planning powers from the counties to local councils. A number of bodies representing local authorities will take on the current role of the counties and will advise the Environment Secretary on where they believe the new shopping centres, industrial and commercial developments, and houses should be allowed. Mr Ridley is bound to listen, but not necessarily to take their advice before formulating his own guidance.

His critics see it as a recipe for confusion. "Planning must have some degree of imposition, by government or county council. All you will have out of this exercise is a gentleman's agreement and the local councils will just look after their own patch," says Mr Michael Breheny, Reader in the Geography Department of Reading University.

The London version of the new mode of planning is currently being enacted. Councillors representing London boroughs, which are divided almost equally between Conservative and Labour control, will tell Mr Ridley shortly that, *far from presenting* a new opportunity to plan for the future of the capital, his draft guidance does not provide a basis which will make it possible for them to pinpoint the land required for vital new developments, including roads and public transport.

The fruits of prosperity in London and the south-east are proving bitter; the prescriptions of the white paper can only alleviate the symptoms, not the underlying problem.

Richard Waters examines the latest accountancy merger plans

Putting two together may turn the Big Eight to four

The domino theory has held sway in the accountancy profession ...oughout the 1980s. Its ...nce: any merger between ... of the Big Eight accoun...cy groups would inevitably ...to further pairings, creat...a new Gang of Four. That ...ry is about to be put to the ...

...nst & Whinney and ...thur Young yesterday ...ounced a planned merger ...ich would form the world's ...gest professional services ... Accountancy firms no ...ger just sell accountancy, ...are among the leaders in ...management consultancy ...tax advisory markets as ..., and have eyes in the ...re for corporate finance ...perhaps even legal ser...es. A $4.3bn-turnover Ernst ...Young will be a formidable ...ce in many disciplines.

...he Big Eight were created ...the 1960s and 1970s when ...ional firms around the ...ld, led by the US and UK, ...e together to create inter...ional groupings. The need ...service international com...ies – and in particular to offer a consistent and reliable audit in all countries – was behind the moves. Arthur Young was created in 1968, while E&W was the last of the eight to be formed, in 1979.

The next step, which has been predicted throughout the 1980s, is a further concentration as the eight move to fill in gaps in their networks and skills base. The intention is to offer a consistent international service in other areas besides audit: tax, systems development, management consultancy, and mergers and acquisitions advice.

Ernst & Whinney and Arthur Young said yesterday that the point of the merger was to offer a more complete service to clients. In the words of one of those involved in the negotiations: "Major clients will benefit in areas of the world where either one or other of us was weak." The danger of losing ground to competitors in these areas was a threat neither could risk.

These clients include Bank of America, Time, BP, British Airways, BTR and National Westminster Bank at Ernst & Whinney, and American Express, Texas Instruments and Mobil at Arthur Young.

Lurking all the time in the background is the accountants' traditional obsession *with size. Ernst & Young's* ability to boast of being number one in the world, and in the top three in every important country, is valuable in a market where clients find it difficult to sift between rival claims.

The question now is how others will react. Arthur Andersen, which long bathed in the glory of being number one, will become number three worldwide, behind Ernst & Whinney and KPMG, itself a product of a merger between Peat Marwick and KMG two years ago. In the UK, Coopers & Lybrand, so proud of being number one three years ago, will slip to number four.

Further down the league, pressures are likely to be even *stronger. Touche Ross, long* the smallest of the eight, though growing fast in some territories, will begin to lose touch with the giant merged firms. Deloitte Haskins & Sells, which planned (unsuccessfully) to merge with Price Waterhouse in 1984, is also likely to feel the draught.

In the words of one Big Eight partner yesterday: "If the merger works, the Big Eight will disappear overnight." As happened when Price Waterhouse and Deloitte discussed a link nearly five years ago, emergency strategy meetings were being called all around the world yesterday.

There are, however, a number of factors which suggest that the impact of an Ernst & *Young merger may be limited:*

● It may be difficult to achieve. Partners in each country will vote on whether they want to go ahead with the deal. This will require a three quarters majority on both sides in the UK and two thirds in the US, with similar levels of support needed elsewhere around the world.

One obstacle to this could be different levels of profitability. Ernst & Whinney is more profitable than Arthur Young in the US and UK, suggesting that Ernst & Whinney partners would suffer a dilution in their earnings in these countries. The firms' leaders are counting on the economies of scale created by the merger to get them over these hurdles. *And it is believed that – at* least in the UK – the two firms' partners will remain in separate profit pools for up to three years, smoothing the transition to the new arrangements.

Arthur Young and Ernst & Whinney firms around the world will each be left to work out their own merger agreement. Unlike in the merger between Peat and KMG, no financial support will be provided by the international organisations to overcome any difficulties that may emerge.

The KPMG merger, widely seen in the profession as a success, resulted none the less in the loss of around 10 per cent of the combined firms' turnover in defections. Ernst & Whinney and Arthur Young are likely to lose at least this, if only because their networks are not such a natural fit as those of Peat and KMG. Arthur Young's strong European firms – such as Moret & Limperg in the Netherlands and Schitag in Germany – will be heavily courted by other international firms.

● Even if the merger is a success, it will take time for the new organisation to gel. The two firms said yesterday that they have very similar management styles, which involves deferring to partners around the world rather than adopting the more centralist management now becoming fashionable in the accountancy world. This may make management of the projected 6,000-partner firm a headache for its leaders in a way that running two 3,000-partner firms never was.

● Although Ernst & Young will be largest in terms of fee income, its client base in the UK will not match those of KPMG and Price Waterhouse, or, in Continental Europe, those of KPMG and Coopers & Lybrand. However, it will put it firmly at the top in the US.

These and other entrails of the proposed merger will be pored over by the two firms' major rivals in the coming weeks.

The proposed empire

	Fee income 1988 ($m)
North America	2,450
Europe	1,300
Asia, Pacific Rim	400
Africa, Mideast and S. America	150
Total	4,300

The main rivals

	Fee income 1988 ($m)
KPMG	3,900
Arthur Andersen	2,820
Coopers & Lybrand	2,500
Price Waterhouse	2,218
Deloitte H&S	1,921
Touche Ross	1,840

LETTERS

...ockers fear 'the call'

...m Mr Denis Delay.

Sir, Debate about the ...tional Dock Labour Scheme ...s lost *sight of an important* ...tor motivating the dockers ...their opposition to the ...heme's abolition. We should ...member that the casual ...our system in the docks was ...ally abolished only 22 years ...o.

True, the scheme was intro...ced in 1947, succeeding simi... wartime schemes which ...re introduced in 1941 to keep ... ports operating in hostile ...ditions. But these were all ...perimposed on the casual ...tem; they did not abolish it. ...olition had to await Lord ...vlin's reforms of 1967.

...or many of today's dockers, ...refore, the ritual of showing ...on "the call", often unsure ...ether work would be avail...e, is a quite recent memory. ...at they fear now is a return ...ome variant of that system, ...h the protection at present ...rded by the scheme gone, leaving them as vulnerable as their fathers once were to arbitrary action by the employers. *Should that happen, the clock* will be turned back half a century.

And in fact what the port employers probably have in mind (notwithstanding their apparent denials) is re-establishing in full rigour a "two-tier labour system" in the docks, whereby they will directly employ a nucleus of "permanent men" and supplement them with casual employees, with the number fluctuating according to day-to-day requirements.

They would probably find it impracticable at present simply to beckon "casuals" through the gate, individually, from men waiting in hope outside (the practice up to the Second World War), so they will probably rely on labour-only sub-contractors. The steel industry (to give an example) has gone a long way down that road – which particularly explains the drop in British Steel's labour force from *191,000 to 56,000 in a decade.*

If this is what they intend, the employers may be on the verge of making the expensive mistake of seeking short-term advantage at the price of long-term stability.

100 years ago this August a dispute in the West India Dock about the sub-contracting system, which the then dock companies had adopted to force down labour costs, precipitated the historic London dock strike.

From that followed generations of bitterness in industrial relations in the docks, for which the employers, the men, and the UK all paid a very big price in terms of conflict.

If the employers do not intend this, what do they intend?

Denis Delay,
9 Parliament Hill,
Hampstead NW3.

Pension power

From Mr T.S. Shucksmith.

Sir, Barry Riley (The Long View, Weekend FT, May 13) writes that final salary *schemes only have an advan*tage over money purchase arrangements if employers are willing to pay top-up contributions to them in lean times.

There is, of course, no reason why companies cannot pay top-up contributions to money purchase schemes.

Companies can – and perhaps should – have a corporate objective for money purchase schemes, which they sponsor. Mr Riley correctly identifies that the provision of decent pensions is not the objective of many pension schemes. However, many companies are less than honest about this, and often try to give the impression that the company will look after retirement through their scheme. This is understandable, but in the end unhelpful.

Mr Riley correctly identifies that it is the companies (or many of them) which have not applied resources to maintain the purchasing power of pensions in inflationary times. He *does not emphasise sufficiently* that, apart from resources needed to meet minimum benefits, the excess is at the company's disposal to apply to contribution reduction, or whatever.

Trustees cannot grant pension increases without the companies' agreement if this imposes an ultimate cost on the companies. Barry Riley fails to stress that a significant proportion of the funds in balance of cost schemes does not belong to the members.

But it is perfectly feasible to write defined benefits schemes on the basis that all the assets do belong to the members (albeit held by trustees). It is legally and financially possible to turn pension increase expectation into entitlements.

T.S. Shucksmith,
Lincoln House, Nutley Lane,
Reigate, Surrey

...Neither truculent, resentful nor muddled'

...m Mrs Anna Merz.

...ir, I have just seen Chris... Tyler's "The Black Rhino" ...ekend FT April 8/9), and I ... disgusted that a paper of ... stature of the Financial ...es should publish an ...cle like this.

...have lived near wild rhinos ... for five years, and have ... 3,000 hours of observations on them. To the best of my knowledge the animal is neither truculent, resentful nor muddled. His intelligence is probably on the level with that of an elephant – that is, like all the great mammals he is very intelligent. He has a very complex and fascinating social behaviour pattern and methods of communication, and his sex life is just as complex and interesting – certainly not a matter of chance encounters.

I hope you will print this refutation of Mr Tyler's untrue allegations.

Anna H. Merz,
Ngare Sergoi Rhino Sanctuary,
c/o Lewa Downs, Private Bag,
Isiolo,
Kenya

Prudent to require receipts

From Mr Cedric Marsden.

Sir, Two members of my family held shares; one sold. A free scrip issue has been made, and the present holder finds she is short of a small number of new shares – which have been issued to the other.

As certificates were held, correction should be easy. But if the present proposals to do away with share certificates go through, what protection against mistakes will there be for shareholders – any more than for cash card holders?

When paying a bill by cheque you can enter the date and cheque number on the bill without getting a receipt. But in future, cheques may not be returned to bank branches. It may be prudent to go back to receipts.

Cedric Marsden
22 Pembroke Gardens Close, W8

...lf-help can have its own dynamism

...n Mr Alan Rothwell.

...r, Michael Prowse's "The ...ation of the individual" ...7 4) cheats, but probably ...tentionally. He says: "Soci... in the eyes of the Thatch...s, is an illusion: all that ...y exists are isolated indi...als."

...atcherites do not say that; ...dy would say that; it is ...id. Thatcherites say that ...ety" as an entity has no ...ity in people's minds. Ask ...ne what they are prepared ... for the Government, and ... will look at you as though ...were daft. There are, how... other social groupings to ...h they will give time and ...y.

...e family: most people will ...ings for their children or ... parents.

...e community: people will ... for their town, local ...n's guild, parish church.

● Charities, which deal with specific areas of human need, also excite people's enthusiasm.

This is the sort of society which could be described as the vision of Thatcherites – and it is one which we can see beginning to be created. The very large amounts of money raised by charities in recent years give the lie to those (like Michael Prowse) who believe that people of the UK are becoming greedy.

Recently I went to collect a cheque for a charity which sends terminally ill children on holiday. A group of men, some of them unemployed, had pushed a 10 ton truck for nine and a half miles while their womenfolk had gone round with collecting boxes. A group of bikers, all black leather and dark glasses, had helped sort out the traffic problems.

They had raised £2,250. That evening I met people who knew they had accomplished something. Their backs were straight, their handshakes were firm and we all laughed a lot.

This sort of dynamic social co-operation actually means something to the participants – both givers and receivers become the recipients of great benefits. But the collectivist approach actually discourages this form of self-help; ask any socialist what he thinks of charity and watch the sneer spread over his face.

Michael Prowse's picture of the corporate state taking the money as taxes, and then doling it out to the deserving as *welfare payments*, is as undynamic as it is boring.

Alan Rothwell,
23 Clarendon Street,
Stockport, Cheshire

Gather therefore the rose

From Professor Andrew Gurr.

Sir, The discoveries at the Rose site have been halted at a crucial point. Evidence of a major rebuilding of the stage area was just emerging when the archaeologists were called off the site on May 14.

Theatre historians know from Henslowe's papers that important rebuilding of the theatre went on in 1592, when Shakespeare was most likely writing for it, a little before his plays were hits on its stage. The redesign of that stage in 1592 is the most precise and positive evidence we shall ever have of how thinking about *stage design* was developing in those vital years. And now the work of discovery has been halted.

Mr Ridley's month of grace gives time for English Heritage to discuss with the architects a means of preserving what has already been uncovered on the site. This may be an invaluable concession. But the real discoveries are still to come, and the archaeologists are now off the site. It is imperative that the decision reached in this month of negotiations takes into account how much still remains to be learned from the site. The need to preserve it for posterity is imperative, but it will be a half-discovery at best if the archaeologists cannot carry their work through, so that theatre historians can be allowed to assess what mysteries the site is still hiding.

Andrew Gurr,
Department of English,
University of Reading

Results both ahead of and below expectations

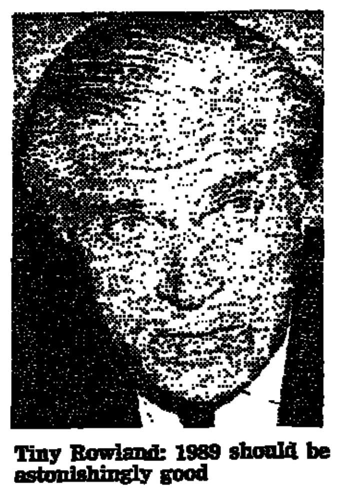
Whisky sales help Lonrho advance 49% to £120m

By David Waller

LONRHO, the international trading conglomerate headed by Mr Tiny Rowland, yesterday announced interim pre-tax profits up by 49 per cent from £80.4m to £120m. The company also declared a dividend increase – effectively 46 per cent – much higher than expected. The message from the figures was mixed as the *bulk of the gain at the pre-tax* level came from a £38.4m profit on the sale of whisky stocks, realised when Lonrho sold off its European drinks businesses to Brent Walker last November. Ignoring this, underlying *profits rose only fractionally*, from £80.4m to £81.6m.

Despite this apparently flat performance, Mr Rowland sounded an extremely positive note in his review. "The board continues to be optmistic about the outlook for trading in 1989," he said, "which should be astonishingly good."

As is normal at the interim stage, there were few details of operational performance, although the group's platinum mining operations were singled out as doing particularly well with production of the precious metal up by 17 per cent in the first half.



Tiny Rowland: 1989 should be astonishingly good

Lonrho said that good contributions had been made from the group's hotels and textile businesses in the UK, and that car sales were "excellent". Lonrho has the UK distributorship for VAG.

Profits at Kühne & Nagel, the freight-forwarding network, were ahead of those made last year whilst Krupp Lonrho made its first full year's contribution.

Turnover for the group rose from £1.71bn to £2.43bn and there was an net extraordinary profit of £50m arising from the £180m sale of the drinks businesses. Earnings per share rose to 12.8p (9.3p).

The second interim dividend of 5p (3.43p adjusted) follows on from a first interim dividend of of 2.57p adjusted (0.86p adjusted) announced earlier in the year. The second interim is to be paid out on the share capital as increased by the one-for-six capitalisation issue in April and means an overall divided increase of 46 per cent.

The shares responded by gaining 3p to close at 285p. Analysts were intrigued by the results insofar as they were both ahead of and below expectations. The dividend and Mr Rowland's statement were at odds with the underlying flat performance.

There was no news on the 20.4 per cent stake held by Mr Alan Bond, the Australian entrepreneur, which has been up for sale since the beginning of March.

See Lex

Anglo takes on two directors

By Nikki Tait

ANGLO, the UK-listed company through which Sir James Goldsmith and Mr Jacob Rothschild plan to make their forays into the UK corporate sector, yesterday announced that it was adding two non-executive directors to its board.

One is Mr Ronald Grierson, the vice-chairman of General Electric Company. Mr Grierson was chief executive of the Industrial Reorganisation Corporation in the late sixties, before becoming the European Commission's director general for industry in the early seven*ties and senior* partner at stockbrokers Panmure Gordon in 1976.

Joining Mr Grierson in a non-executive capacity on the Anglo board, will be Lord Rawlinson of Ewell, the former Attorney General.

The news was given by Mr Rothschild to the sprinkling of shareholders who turned up at London's Queeen Elizabeth Conference Centre yesterday to vote through the formalities required to give Anglo Leasing, previously a medium-sized leasing company, its new structure.

Despite the press attention devoted to Sir James' impending return and the dramatic surge in Anglo shares, *attendance* was *minimal*. The half dozen shareholders who turned up were swamped by the conference hall surroundings, and heavily outnumbered by a bevy of advisers and, indeed, by Anglo directors themselves. Sir James himself was not present.

Not that those who stayed away missed much. There was only a passing reference to Thursday's acquisition by Sunningdale Holdings, in which Anglo will become the largest single shareholder, of a 29.9 per cent stake in food group, Ranks Hovis McDougall.

Ranks, meanwhile, will hold a board meeting next week, when it will formally decide whether *to* continue with its bid for Sydney-based Goodman Fielder Wattie – although this seems increasingly unlikely. Sir James Goldsmith is

Charles Barker director resigns

By Nikki Tait

MR LOU HAGOPIAN, a non-executive director of Charles Barker, the advertising public relations and recruitment company, has resigned. Barker said there was a possible conflict of interest between N. W. Ayer, where Mr Hago*pian is chairman, and Charles* Barker on the sale agreement concerning the Ayer Barker consumer agency.

Last year, Ayer Barker, previously wholly-owned by Charles Barker, began to be distanced from the group, when N. W. Ayer paid £3m cash for a 25 per cent stake.

Under the agreement a further profit-related amount, also in cash, was to be subscribed following publication of Ayer *Barker's profits for* 1989, N. W. Ayer's stake rising to 56 per cent. There could be an upward adjustment based on the 1991 profits. The minimum total payment was to be £5m with a maximum of £9m.

Yesterday, Barker said that N. W. Ayer had indicated that there might be a problem with the agreement, but added that negotiations had not re-opened. It is understood the areas concerned are possibly the mini*mum payment and the timing* of payments.

N. W. Ayer holds a 12.4 per cent interest in Barker itself. Mr Hagopian joined the Charles Barker board in 1987.

Overseas losses hit French Connection

By Alice Rawsthorn

FRENCH CONNECTION, the fashion group, has fallen victim to competitive conditions in the young fashion market by plunging into a pre-tax loss of £990,000, from pre-tax profits of £5.02m, in the year to January 31.

Mr Stephen Marks, chairman and majority shareholder, described the group's performance as "lousy". He cited competitive market conditions as one cause of the problem but said French Connection's management had also made mistakes.

The City was prepared for the announcement given that Mr Marks had warned shareholders in February that the group was likely to move into a loss for the full year. The share price slipped by 6p to 87p yesterday.

Group turnover fell to £55.06m (£58.93m) and operating profits to £292,000 (£6.11m). The interest charge was £1.28m (£1.1m). There was a loss per share of 6.9p (earnings of 16.7p). The board proposes a maintained final dividend of 3.5p making an unchanged total of 5.25p. The directors have waived their rights to dividends of £660,000.

The core French Connection and Nicole Farhi fashion businesses in the UK managed to remain profitable, albeit at a lower level, in very difficult conditions, according to Mr Marks. He said that trading had improved in recent weeks, reflecting the sunny summer weather, but the general environment was still tough.

French Connection's problems were concentrated in its overseas interests. Its wholesale business in France suf*fered a "dramatic downturn"* in sales and moved from profits of £500,000 to a loss of £500,000. Mr Marks said the business has since returned to profit, but the French market was still very difficult.

He described the performance of the West German subsidiary, which lost £800,000 during the year, as diabolical. The position was being assessed and losses had been reduced.

Best of All Clothing suffered from the troubled state of the US fashion market. The business remained profitable but sustained a £1.2m fall in profits. Without Best of All Clothing the group would have made a pre-tax loss of £1.15m (profit of £3.85m) on sales of £43.83m (£46.87m).

Mr Marks said he was taking steps to strengthen the group's management. French *Connection was now trading* profitably and should return to profit for the full year, he said, but market conditions were still "very, very difficult".

Omnicom is BMP white knight

By Nikki Tait

OMNICOM, the world's fourth biggest advertising agency group, yesterday emerged as a white knight for Boase Massimi Pollitt, the agency and marketing services group which has been contesting a £118.5m leveraged bid from Boulet Dru Dupuy Petit, the French agency.

The Madison Avenue-based group unveiled a 365p-a-share recommended cash offer for BMP as the market opened yesterday, and promptly went into the market. By the close, it had acquired about 7.4 per cent, including the 2.6 per cent acquired by TBWA, another agency group, during the bid battle.

Directors speaking for 9.58 per cent of BMP have also given irrevocable undertakings to accept Omnicom's offer.

BDDP, an unquoted company, said that it would make a further announcement in due course. When it declared its revised offer of 345p-a-share final last week, it reserved the right to raise its terms *in the* event of a competing offer.

Yesterday, some analysts were reluctant to rule out a return by BDDP, pointing out that by giving up the fight for independence, BMP had in effect set an auction. But they still suggested that the odds were on Omnicom succeeding.

BMP shares rose 23p to 366p, yesterday 1p above the Omnicom price.

Omnicom had been strongly tipped as a potential partner if BMP decided on the white knight route. It held discussions with BMP ahead of BDDP's stake-building two months ago, and, BMP disclosed yesterday, was one of the two unnamed companies mentioned as a potential partner in one defence circular sent to shareholders.

Yesterday, Mr Martin Boase, BMP's chairman, said that the decision to call in Omnicom and start serious discussions was taken on Wednesday night. After holding institutional presentations, BMP decided that the outcome of the BDDP battle was "finely balanced, although possibly in our favour". But even if BMP had kept its independence, BDDP could have remained a significant minority shareholder, having acquired a stake of *almost 15.2 per cent*.

Omnicom was formed in 1986 by the merger of international agencies. It now has two major agency networks, BBDO and DDB Needham, plus other interests. In 1988 income before tax was $77.6m with worldwide billings standing at $6.3bn.

Omnicom's UK presence is a relatively small. It does, however, have significant operations in other European countries, such as West Germany and *Holland. Its total* European commissions and fees last year were $256.4m out of a group total of $881.3m.

It is intended that BMP would become the main holding company for all Omnicom's UK operations.

Yesterday, assuming the BMP deal goes through on the current terms, Omnicom suggested that earnings dilution might be of the order of 5 per cent in 1989, with no dilution after that. The offer will be funded by loan facilities.

There are some potential client conflicts, but Omnicom said these should be minor, amounting to less than 5 per cent of total billings.

With Dillons and Preedy, T&S will jump to third in CTN league

Next sells newsagents for £53.9m

By Andrew Hill and Maggie Urry

NEXT is selling its Dillons and Preedy newsagent chains to T&S Stores, thereby unpicking another seam of the high street and home-shopping retail group sewn up by Mr George Davies, its former chairman and chief executive who was sacked before Christmas.

The £53.9m deal should nearly double the turnover of T&S Stores, tripling the number of outlets operated by the West Midlands tobacco, newspaper and sweet-seller. It will make T&S, which started life as a cut-price cigarette kiosk in Wolverhampton market, the UK's third largest chain of confectionery, tobacco and news retailers (CTNs), excluding John Menzies and WH Smith.

The price is more than double the £25.7m market value of T&S, the shares of which were suspended at 143p last week.

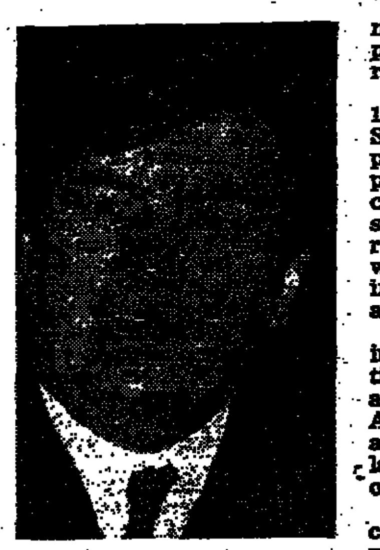
T&S aims to fund the acquisition with a £50m fully-underwritten rights issue, on the basis of 254 new *T&S shares for* every 100 already held, at 115p each.

The shares will stay frozen until June 6, the day after the special shareholder meeting to approve the acquisition.

Mr Davies had planned to use the "neighbourhood" shops as collection points for Next's home-shopping customers. However, plans to introduce the service moved much slower than expected and Next said yesterday that other methods of distribution were more effective. The Next Directory, a new style of mail-order catalogue launched in January 1988, saw the formation of a network of couriers who deliver customers' purchases.

Next bought Dillons in July 1987 for £28.5m and Preedy in April 1988 for £21.4m. The net asset value of the two chains is £13.6m.

Mr Peter Lomas, Next's finance director, said yesterday that following an earlier sale of some Preedy shops to WH Smith, the sale of some properties and the dividends taken from the business, the book *cost of the two chains* was £33.4m. They contributed about £10m to Next's latest annual profits, which showed a sharp fall to £62.3m pre-tax.



George Davies: his empire is being dismantled

As a result of the sale Next *will have* an extraordinary gain of about £20m, which Mr Lomas said would increase Next's asset value by 10p a share. The sale would have a neutral effect on the group's profits, he said. Next's shares rose 6p to 158p.

Before the deal, T&S owned 175 stores, trading under the Supercigs name, only about 20 per cent of which sell newspapers. Mr Kevin Threlfall, T&S's chairman and chief executive, *said* yesterday that after rationalisation the group would operate 535 stores, including 70 sub-post offices and 42 off-licences.

The purchase will place T&S in the CTN league behind Mar*tin Retail Group, controlled by* a combination of British and Australian investment trusts, and Forbuoys/NSS, part of Gallaher, the US-owned producer of branded cigarettes.

Preedy's Tipton distribution centre and some 35 stores would be sold, said Mr Threlfall.

In the longer term, T&S hopes to supply the whole network of stores – from the south coast of England and Wales to north Yorkshire – from its warehouse at the group's Walsall headquarters.

T&S refused to be drawn on whether the acquisition would dilute earnings of the enlarged *group in the first six months to* T&S' December year-end. But the company did say that it hoped to declare an interim dividend of 1.5p and a final dividend of 2.5p. That would make a total of 4p for 1989, compared with 2.625p in 1988.

Next is also looking for a buyer for Mercado, its carpet business, which like Dillons and Preedy, is not considered a core activity. Mr Lomas said the group planned to keep Biba, its West German retail chain, which made a high return and gave the group a foothold in the EC.

See Lex

First close gives Isosceles 4.9% of Gateway

By Nikki Tait

Isosceles, the newly-formed company which is waging a £1.73bn leveraged bid for Gateway, Britain's third largest food retailer, said it had received valid acceptances in respect of 4.87 per cent of its target's shares by yesterday's first close. It also received acceptances which were not validated in respect of another 0.11 per cent.

The 4.87 per cent figure includes shares held by Globe Investment Trust, Murray Johnstone, and 3i, three of the institutions offering equity backing to Isosceles. Shares held by a fourth institution, *Mercury Asset Management*, are not included, however. MAM's interest is about another 2 per cent.

If the shares held by the three institutions are extracted, acceptances from "outside" shareholders equate to around 2.3 per cent.

The offer has been extended for a further two weeks.

Clogau acquisition

Clogau Gold Mines is planning to diversify its metal and mining interests by the acquisition of Ferromet Resources in a $10m (£5.9m) deal funded by the issue of 35.25m new ordinary shares at *16.75p* per share.

Ferromet is involved in the processing of stainless steel scrap and high temperature alloys.

Turnover for the group grew from $6.1m in 1984 to $31.4m in 1988. Pre-tax profits over the same period rose from $113,000 to $1.93m.

Unitech placing in Japan

By John Thornhill

UNITECH, the electronics components manufacturer, announced that its Japanese subsidiary, Nemic-Lambda KK, had raised £11.8m through a private placing of shares. This is in preparation for a planned public quotation of Nemic on *the Tokyo over-the-counter* market in 1991.

Nemic-Lambda, a subsidiary of Veeco Instruments, the US power supplies company which Unitech acquired late last year, has issued 15,000 shares at Y5,600 (£25) to its employees through an employee share ownership plan (ESOP). It has also issued 45,000 shares at Y54,900 to several Japanese institutions and 2,500 shares at the same price to the trustees of the ESOP.

This has increased Nemic-Lambda's issued share capital by 12.5 per cent. The proceeds will be used to finance further expansion in the Far East.

Trilion £5.25m purchase

TRILION, the USM-quoted television and production company which sold its Limehouse studio in London's docklands for £25m last year, is buying Lee International's film studios at Wembley, Middlesex.

It is paying a maximum of £5.25m cash for the complex, which includes two television studios, each with an area of 6,800 sq ft. The company said the rest of the site was suitable for redevelopment.

The purchase, it added, would enable Trilion to service the type of work previously carried out at Limehouse and gave it "the flexibility and space within London to expand and develop as additional television channels are created".

Meanwhile, Brent Walker, the leisure group, yesterday announced it had taken its holding in Trilion to 29.9 per cent with the acquisition of 880,000 shares.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Albion	int	1.3	-	1	-	2.4
French Connect §	fin	3.5	July 3	3.5	5.25	5.25
Kynoch (G&G)	int	1	July 28	1	-	5.5
Lonrho	int	5	Oct 2	3.43*	7.57*‡	11.14*
Radio Clyde §	int	2.75†	July 7	1.75	-	5.75
Walker Greenbank	fin	1.25†	July 3	1.75	2.25	2.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Total for first six months.

Community Hospitals allocation

By Clare Pearson

The offer-for-sale of 11.1m shares in Community Hospitals Group, only the second company purely involved in private healthcare to come to the UK market, has been more than seven times subscribed.

Allocations are being scaled down and the basis, announced yesterday by issuing house Granville & Co, is:

Applications for up to 1,000 shares receive full allocation; between 1,500 and 10,000 – 1,000 shares; 11,000 to 50,000 – 2,000; 55,000 to 100,000 – 5,000; 110,000 to 150,000 – 7,500; 160,000 to 200,000 – 10,000; 210,000 to 340,000 – 15,000; 350,000 to 500,000 – 40,000; over 500,000 – 100,000.

Granville said that 7,800 applications for some 83.2m shares had been received during the offer, which values the company at £43.5m. Shares reserved for employees and existing shareholders have been taken up in full. Dealings commence next Thursday.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§100	F.P.	-	106	102	Abtrust New Dawn Inv. Tst.	102		-	-	-	-
-	F.P.	-	60	50	Do. Warrants	55		-	-	-	-
§100	F.P.	-	125	108	‡Boxmore Intl. 10p	125		g5.2	1.9	5.5	12.1
‡	F.P.	-	6350	6100	CMB Packaging SA FFr15	6250	+75	W-	-	-	14.9
‡	F.P.	-	6100	5550	Do (¼ '89 Div Reg) FFr15	5700	+50	-	-	-	-
§100	F.P.	-	143	113	‡Capita Group	143		u2.5	2.2	2.3	21.5
85	F.P.	-	96	84	‡Diamond Group Hldgs 5p	91		L1.13	4.7	1.7	17.3
‡	F.P.	-	110	78	Ex-Lands 10p	91xr	+1	0.5	-	0.7	-
‡	F.P.	-	101	61	Do. Warrants	70	-1	-	-	-	-
100	F.P.	19/5	113	111	Fleming High Inc. Inv	113	+½	b5.25	-	6.2	-
-	F.P.	-	35	22	Do. Warrants	35	+7	-	-	-	-
50	F.P.	-	55	52	Gartmore Value Invs. 10p	55	+½	R3.79	-	9.2	-
50	F.P.	-	51½	50½	Do. Zero Div. Prf. 10p	50¾		-	-	-	-
§100	F.P.	-	123	115	‡Green (J.)	118	-2	L2.9	2.9	3.3	14.1
§175	F.P.	-	178	173	‡Ibex Hldgs. 10p	176	-1	L3.6	2.7	2.7	16.1
‡	F.P.	-	211	198	MB Group	210	+4	W-	-	-	10.6
§47	F.P.	-	49	40	*Malaya Group 10p	46		b2.0	3.7	5.8	6.3
†	F.P.	-	500	450	Mid Kent Hldgs. £1	450xr		6.0	-	1.8	-
†	F.P.	-	107	50	Do. Warrants £1	103	-4	-	-	-	-
§58	F.P.	-	66	56	‡Mistele Group 20p	62	-1	Wd1.38	4.5	3.0	8.3
§100	F.P.	-	109	100	Olim Conv. Tst.	108		N7.5	-	9.3	-
§100	F.P.	-	101	99½	Do. Zero Coupon Prf.	101	+1½	-	-	-	-
§100	F.P.	-	108	100½	‡Porth Group 5p	106		R4.5	1.8	5.7	11.5
-	F.P.	-	178	168	‡Quarto (Restd Trans) 10c	168	-1	6.0	-	4.8	-
§52	F.P.	19/4	78	52	‡Quiligotti 5p	68		R2.0	2.4	3.9	12.0
§125	F.P.	-	148	136	Servomex 5p	148		14.7	1.9	4.2	12.2
§125	F.P.	-	152	143	Sheffield Insulations 10p	149	-1	L4.25	2.2	3.8	15.7
125	F.P.	12/5	140	125	Try Group	139	+3	L5.0	2.1	4.8	13.3
Ir98	F.P.	-	89	67	‡Xtra-vision Ir5p	69	-2	¶Q23.9	2.5	1.4	29.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
106.46	F.P.	-	111	105¼	Brit. Assets Tst. Ind-Linked 2005	111	+½
100	F.P.	6/6	104p	102p	Dwyer 7.25pc Cnv. Cum. Red. Prf.	104p	
‡	Nil	9/5	7pm	1¼pm	Guidehouse 8.5p(net) Cv Pf 2006	1¼pm	
100p	F.P.	4/5	101p	90p	Hambros 7½pc (Net) Cum Cnv Red Prf	99p	
-	F.P.	-	100	99⅛	N'wide Anglia 12⅝pc 19.3.90	99¼	
-	F.P.	-	100⅛	99⅞	Do. 13⅜pc 23.4.90	100⅛	
-	F.P.	-	100	99⅞	Do. 13pc Bds 14.5.90	99⅞	
§99.1	£25	-	28½	25	Do. 4.25pc Index-Linked 2024	27¼	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Annualised dividend. b Figures based on prospectus estimate. [illegible]

TRADITIONAL OPTIONS

- First Dealings May 15
- Last Dealings May 26
- Last Declarations Aug 10
- For settlement Aug 21

For rate indications see end of London Share Service

Calls in Control Secs, Kenmare, Elswick, Flicks NV, Classic Thrbred, Chelsea Artisans, Evered, Marley, Prop Trst, IMC, Atlantic Res, P&O Warnts, UTC, Casket, Eagle Trst, Tellos, Holmes Prot, Kelt.

Edwardes reminds Gold Fields of responsibilities

By Kenneth Gooding, Mining Correspondent

THE DIRECTORS of Consolidated Gold Fields, the diversified UK mining group, "must do more than merely fulfil the many promises they made" during the course of the failed £3.5bn bid from Minorco, the South African-controlled investment company, said Sir Michael Edwardes, Minorco's chief executive.

In a letter sent yesterday to Gold Fields' shareholders, Sir Michael added: "The directors of Gold Fields should consider their position very carefully now that shareholders who speak for 55 per cent of Gold Fields have shown that they wanted Minorco's offer to succeed and Gold Fields to be given new strategic direction."

The fall in the Gold Fields' share price since the bid was allowed to lapse "placed a very heavy responsibility on the Gold Fields' directors," said Sir *Michael. "The failure of the* Gold Fields' financial defence is a clear indication that those promises [made by the Gold Fields' board] were unconvincing.

"As the largest shareholder in the company we will do what we can to ensure that the board does not again neglect the shareholders of *Gold* Fields."

Mr Rudolph Agnew, chairman of Gold Fields, admitted in a letter to his shareholders that Gold Fields was "never going to be the same again".

He added: "We have pledged ourselves through our demanding three-year performance target to create future value for shareholders and we are totally committed to this." He promised the board would "keep *in close touch* with shareholders as our plans unfold".

● During the course of the bid Gold Fields received about 3,200 requests for its corporate video, its recorded telephone messages prompted more than 16,000 calls and more than 500 inquiries were made to its shareholder information desk.

Alkar losses hit Walker Greenbank

By John Thornhill

SERIOUS PROBLEMS at its Alkar International subsidiary overshadowed the results of Walker Greenbank, the mini-conglomerate, which were announced yesterday.

Following revelations last November that material accounting irregularities had been discovered in Alkar, the company disclosed yesterday that the shopfitting subsidiary had incurred a loss for the year of £6.9m. It had also caused a £4m downgrading in the previous year's profits, and had resulted *in an additional* extraordinary loss this time of £3.08m.

Overall Walker Greenbank reported a sharp drop in pre-tax profits to £3.09m in the year to January 28. This compared with the reported £11.1m result, since restated as £7.1m, achieved in the previous year.

The stock market, which had slashed the share price in November, shaved only 3p off the price and it closed at 72p.

Mr Nicholas Brown, who was appointed chairman following the resignation of Sir Anthony Jolliffe earlier this month, conceded that these results were exceedingly disappointing but said that remedial action was being taken at Alkar.

He stressed, however, that the rest of the group had experienced continued growth. *Excluding Alkar*, pre-tax profits rose from £8.9m to £9.9m. The wallcovering division produced a £7m profit and Wilcomatic, the car cleaning equipment supplier, yielded a record £1.8m.

Eleven acquisitions were made during the year contributing £7.5m to turnover. In total, sales rose by 19 per cent to £118.64m (£99.73m).

There was total extraordinary loss of of £3.79m (£2.09m), which also included £410,000 reorganisation costs and £303,000 acquisition costs.

The net interest charge was £1.86m (£635,000) and at the year end *gearing stood at 70* per cent.

A final dividend of 1.25p is recommended which will give an unchanged total of 2.25p. Earnings per share were halved to 2.41p (4.83p).

● **COMMENT**

This has been a tumultuous year for Walker Greenbank. The Alkar fiasco dominated the latter part of the year and consumed *an inordinate* amount of the management's time and effort. The repercussions are still rumbling on, although a decision about the troubled *subsidiary's* future is expected in the next few weeks. If remedial action is implemented effectively and the management can focus wholeheartedly on the group's prospering concerns, then a reasonable recovery could be made. The wallcovering activities appear to have a bright long-term future and the other operations also seem to have fair prospects, but overall there is an immense way to go. Pre-tax profit *forecasts* range from £8m to £11m which put Walker Greenbank on a prospective p/e of between 9 and 12.5. This year the shares look dead money unless a predator takes a bite. Investors might want firmer evidence that the business has been righted before contemplating climbing aboard.

Property Co of London reversal into Lodge Care

By Paul Cheeseright, Property Correspondent

PROPERTY COMPANY of London is expected soon to announce that it is reversing into Lodge Care, the USM quoted company which provides nursing and residential care homes for the elderly and whose *biggest* shareholder is Mr Shiraz Kassam.

The merger, which would create a group with assets of about £25m, follows recent significant changes in the equity holdings of Lodge Care and a series of acquisitions at Property Company of London after a team led by Mr Robert Baldock, the chairman, had assumed control.

Mr Baldock and his board are likely to move into Lodge Care, bringing with them a series of companies dealing with leisure and golf through an association with Jack Nicklaus, property trading and development and a new system of waste disposal. The merged group would thus have four main divisions.

The merger will probably be carried out through a share exchange. It brings to an end a search on Mr Baldock's part for a wider asset base and greater liquidity.

Lodge Care *has* an asset value of £17m while that of Property Company of London is less than £10m.

On the market yesterday there was no hint of an imminent announcement as Property Company of London shares were unchanged at 255p while those of Lodge Care were 3p lower at 179p.

MARKET STATISTICS

Economic Diary

TODAY: Shop stewards from ports around the country plan to meet in London to draw up plans for a national docks strike. Mr George Bush, President of the US, is expected to meet Mr Francois Mitterand, President of France, in Kennebunkport, Maine. Greens party conference in Munster (until May 21).

TOMORROW: An official Thai trade delegation is expected to leave for Hanoi. Mr Yitzhak Shamir, Israeli Prime Minister, visits London (until May 23). Arab foreign ministers meet in Casablanca.

MONDAY: Cyclical indicators for the UK economy (April). European Community education council meets in Brussels. Start of two-day meeting of European Community general affairs council in Brussels. European Parliament in session in Strasbourg (until May 26).

TUESDAY: Manufacturers' stocks and distributors' stocks (first quarter-provisional). Building Societies monthly figures (April). US durable goods (April). Mr Yitzhak Shamir, Israeli Prime Mnister, visits Spain (until May 26). British Airways results. Prison Officers Association annual conference in Southport.

WEDNESDAY: New construction orders (March). New vehicle registrations (April). Retail sales (April-provisional). Power workers due to start overtime ban over pay. TUC general council meets. President Mitterand is expected to visit Dakar for summit meeting of Francophone countries (until May 26). Senior ASEAN officials meet to discuss Cambodia in Singapore (until May 25). The International Institute for Strategic Studies publishes Strategic Survey 1988-89.

THURSDAY: Energy trends (March). Balance of payments current account and overseas trade figures (April). US first quarter gross national product, corporate profits. European Community justice ministers hold informal meeting in San Sebastien (until May 27). First session of new congress of Peoples Deputies in Moscow. The Economist holds conference "1992: The single European market: How European business is preparing and the implications for Japan" in Tokyo.

FRIDAY: Gross domestic product (output-based) (first quarter preliminary). Finished steel consumption and stock changes (first quarter-provisional). Engineering sales and orders, at current and constant prices (March). US first quarter balance of payments figures, mnerchandise trade, personal income (April). President Bush pays visit to Italy (until May 29). Andean pact presidents (Bolivia, Columbia, Ecuador, Peru, Venezuela) to discuss regional integration. Mrs Margaret Thatcher, Prime Minister, receives freedom of the City of London.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 17, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	106,393,930	+	3,344,950
Bankers Deposits	1,284,053,643	-	131,695,558
Reserve and other Accounts	1,875,638,736	+	48,261,761
	3,280,639,309	-	80,088,847
ASSETS			
Government Securities	944,423,719	-	14,455,000
Advance and other Accounts	696,400,645	-	228,740,716
Premises Equipment & other Secs	1,626,823,676	+	154,611,953
Notes	12,772,709	+	8,480,062
Coin	218,380	+	14,854
	3,280,639,309	-	80,088,847
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	14,457,227,291	+	1,519,938
Notes in Banking Department	12,772,709	+	8,480,062
	14,470,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	13,701,448,851	+	639,848,973
Other Securities	757,536,049	-	629,848,973
	14,470,000,000	+	10,000,000

MUSEUMS AND ART GALLERIES

The Financial Times proposes to publish this survey on:

10th June 1988

EUROPEAN OPTIONS EXCHANGE

Series		May 89 Vol	May 89 Last	Aug. 89 Vol	Aug. 89 Last	Nov. 89 Vol	Nov. 89 Last	Stock
Gold C	$380	-	-	271	7.50 b	33	14	$365.90
Gold C	$390	-	-	132	4	195	9.50	$365.90
Gold C	$400	-	-	45	2.30 b	300	6.50	$365.90
Gold C	$420	-	-	-	-	135	3	$365.90
Gold P	$360	50	0.10	25	6	100	7.20 b	$365.90
Gold P	$370	925	3	24	8.50	121	10.60	$365.90
Gold P	$380	1346	13.50 b	15	14.90	-	-	$365.90
Gold P	$390	397	23	-	-	-	-	$365.90
Gold P	$400	180	33	130	33	-	-	$365.90
		May 89		Jun. 89		Jul. 89		
EOE Index C	Fl. 260	481	29.80 b	11	30 b	-	-	Fl. 290.98
EOE Index C	Fl. 265	931	24.80 b	-	-	-	-	Fl. 290.98
EOE Index C	Fl. 270	1510	20	66	21	54	22 b	Fl. 290.98
EOE Index C	Fl. 275	1193	15.10 a	1070	16.50 b	3	18.50	Fl. 290.98
EOE Index C	Fl. 280	2252	9.80 b	1133	13 b	47	14.50 b	Fl. 290.98
EOE Index C	Fl. 285	1291	4.80 b	250	9.50	-	-	Fl. 290.98
EOE Index C	Fl. 290	4513	0.10	898	6.20	526	9 b	Fl. 290.98
EOE Index C	Fl. 295	23	0.10	292	4	205	6.70 b	Fl. 290.98
EOE Index C	Fl. 300	11	0.10	361	2.50	-	-	Fl. 290.98
EOE Index P	Fl. 260	-	-	400	0.50	-	-	Fl. 290.98
EOE Index P	Fl. 270	-	-	9	1	185	1.80	Fl. 290.98
EOE Index P	Fl. 280	3	0.10 a	151	2	55	4	Fl. 290.98
EOE Index P	Fl. 285	1304	0.10 a	143	3.40	20	6 a	Fl. 290.98
EOE Index P	Fl. 290	2075	0.10	911	5	74	7.50	Fl. 290.98
EOE Index P	Fl. 295	483	4.90	240	8 a	60	10	Fl. 290.98
EOE Index P	Fl. 300	269	10.20 a	190	11.50 a	31	13.50 a	Fl. 290.98
EOE Index P	Fl. 305	198	15.20 a	52	15.50	-	-	Fl. 290.98
S/Fl C	Fl. 210	35	11.90	247	12	14	11.80 a	Fl. 221.88
S/Fl C	Fl. 215	121	6.80	293	7	4	7.50	Fl. 221.88
S/Fl C	Fl. 220	63	1.50	198	3.60	22	4.90	Fl. 221.88
S/Fl C	Fl. 225	-	-	189	1.70	27	2.70	Fl. 221.88
S/Fl P	Fl. 220	370	0.05	130	2.50	21	3.80	Fl. 221.88
		Jul. 89		Oct. 89		Jan. 90		
ABN C	Fl. 40	168	2.10	50	2.90	2	4	Fl. 40.90
ABN P	Fl. 40	363	0.60	135	1.50	47	2	Fl. 40.90
Aegon C	Fl. 105	113	1.10	6	2.80	-	-	Fl. 97.80
Ahold C	Fl. 110	222	6.80	35	8	23	11.50	Fl. 113.80
Akzo C	Fl. 150	385	3.50	145	7.50	3	9.50	Fl. 146.90
Amev C	Fl. 50	401	1.70	119	2.90	14	4	Fl. 49.60
Amev P	Fl. 50	90	2.30	44	3.10	8	3.50	Fl. 49.60
Amro P	Fl. 80	122	5	90	6.50	-	-	Fl. 75.30
BUHRMANN-T P	Fl. 70	80	4.70	14	5	-	-	Fl. 65.70
N.V. DSM C	Fl. 120	759	16.70	6	17.50	10	21.20	Fl. 135
N.V. DSM P	Fl. 130	15	1.60	248	3.50	200	5	Fl. 135
Elsevier C	Fl. 70	19	1.50	136	2.90	5	5	Fl. 66.50
Hoogovens C	Fl. 100	444	5.80	209	9.50	5	11.80	Fl. 99.50
Hoogovens P	Fl. 100	260	5	182	7.40	26	8.30	Fl. 99.50
KLM C	Fl. 45	129	3	30	3.80	10	4.80	Fl. 46.50
KLM P	Fl. 45	81	1.10	9	2.30	2	3.40	Fl. 46.50
KNP C	Fl. 60	156	1.90	58	3.30	19	4.50	Fl. 56.90
KNP P	Fl. 55	195	1.50	22	2.30	-	-	Fl. 56.90
Nat. Ned. C	Fl. 60	38	1.80	301	3	17	4	Fl. 58.90
Nat. Ned. P	Fl. 60	51	1.80	149	3	-	-	Fl. 58.90
Philips C	Fl. 40	200	0.70	122	1.70	50	2.60	Fl. 36.50
Royal Dutch C	Fl. 140	694	2.80	290	4.80	147	6.70	Fl. 137.80
Royal Dutch P	Fl. 130	80	1	26	3.10	-	-	Fl. 137.80
Unilever C	Fl. 140	296	2.70 b	101	5.50	28	7	Fl. 137.80
Unilever P	Fl. 120	-	-	104	0.90	-	-	Fl. 137.80
Van Ommeren C	Fl. 50	603	2.10	30	4.10	-	-	Fl. 48.40
Van Ommeren P	Fl. 45	415	1.90	14	3	-	-	Fl. 48.40

TOTAL VOLUME IN CONTRACTS : 61,876

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst.	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.75		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 19 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu May 18 Index No.	Wed May 17 Index No.	Tue May 16 Index No.	Year ago (approx) Index No.	1989 High	1989 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (206)	1005.51	+1.9	10.13	3.85	12.14	11.91	986.57	976.59	969.20	747.33	1005.51 19/5	775.54 3/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (29)	1287.14	+2.7	11.15	3.97	10.99	17.57	1252.79	1244.90	1232.59	973.90	1287.14 19/5	939.06 3/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (38)	1764.19	+2.9	12.73	3.98	10.27	28.37	1713.70	1703.52	1689.20	1549.59	1801.66 14/3	1468.31 3/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2951.80	+2.1	8.38	3.97	14.42	25.01	2889.92	2846.13	2825.26	2071.13	2951.80 19/5	2294.30 3/1	2951.80 19/5/89	84.71 25/6/62
5	Electronics (30)	2308.22	+1.4	8.25	2.91	15.71	13.93	2277.23	2233.41	2220.49	1583.19	2308.22 19/5	1776.44 3/1	2308.22 19/5/89	1229.01 8/10/85
6	Mechanical Engineering (54)	536.60	+2.2	9.62	3.82	12.78	7.37	525.15	521.79	519.70	382.63	536.60 19/5	406.34 3/1	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	562.47	+1.2	13.85	5.32	8.18	8.43	555.95	552.69	546.62	452.18	562.47 19/5	452.62 3/1	596.67 9/10/87	49.65 6/1/75
9	Motors (17)	329.74	+1.6	11.34	4.61	10.33	6.44	324.59	319.51	317.23	264.76	329.74 19/5	258.24 3/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (22)	1674.29	+1.2	8.99	4.05	13.30	24.98	1654.88	1644.44	1628.54	1220.95	1674.29 19/5	1311.63 3/1	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (186)	1254.08	+1.7	8.74	3.54	14.34	9.41	1233.48	1218.19	1207.88	1051.60	1254.08 19/5	1016.74 3/1	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (22)	1351.33	+1.6	10.06	3.57	12.49	9.92	1329.82	1326.82	1322.21	1101.55	1364.69 14/3	1112.42 3/1	1364.69 14/3/89	69.47 13/12/74
25	Food Manufacturing (20)	1102.21	+2.2	9.17	3.75	13.73	11.32	1078.01	1047.05	1038.26	894.75	1102.21 19/5	926.04 3/1	1102.21 19/5/89	59.67 11/12/74
26	Food Retailing (15)	2268.79	+1.6	8.62	3.27	15.26	16.14	2232.25	2210.35	2183.95	1975.07	2268.79 19/5	1784.64 3/1	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (14)	2328.78	+1.9	6.17	2.51	18.47	14.41	2285.71	2268.86	2246.64	1779.97	2328.78 19/5	1778.20 3/1	2699.85 16/7/87	175.38 28/5/80
29	Leisure (33)	1703.94	+1.3	7.22	3.20	17.39	15.53	1681.32	1652.50	1641.20	1281.56	1703.94 19/5	1346.22 3/1	1703.94 19/5/89	54.83 9/1/75
31	Packaging & Paper (15)	579.66	+0.4	10.03	4.19	12.55	6.99	577.18	579.84	576.18	482.73	607.36 8/2	523.08 3/1	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (18)	3612.96	+0.3	9.08	4.47	13.81	43.67	3602.28	3581.85	3563.83	3288.19	3916.24 8/2	3236.76 4/1	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	848.70	+2.1	10.51	4.20	12.47	1.98	831.53	817.75	807.65	807.22	848.70 19/5	679.97 3/1	1160.58 29/7/87	52.63 6/1/75
35	Textiles (15)	548.22	+1.1	11.26	5.14	10.81	6.31	542.43	532.84	527.19	581.29	548.22 19/5	464.58 0/0	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (95)	1130.39	+0.7	9.76	4.05	12.46	9.05	1122.66	1111.17	1099.10	851.18	1130.39 19/5	896.15 3/1	1192.48 8/10/87	58.63 6/1/75
41	Agencies (18)	1413.81	+0.1	6.65	2.32	18.76	14.30	1411.73	1407.95	1374.81	1098.05	1413.81 19/5	1030.84 3/1	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (22)	1284.64	+1.3	11.04	4.59	10.70	22.54	1268.55	1255.21	1240.54	979.544	1284.64 19/5	1026.37 3/1	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (12)	1621.44	+1.1	10.29	4.92	11.43	5.37	1604.01	1598.70	1593.28	1135.11	1621.44 19/5	1254.94 3/1	1621.44 19/5/89	975.19 10/11/87
45	Transport (13)	2499.47	+1.5	7.92	3.46	16.38	20.16	2462.95	2450.89	2434.65	1983.96	2499.47 19/5	1836.25 4/1	2499.47 19/5/89	90.80 29/6/62
47	Telephone Networks (2)	1175.21	-0.4	9.99	4.00	13.02	0.00	1179.42	1161.20	1140.72	933.03	1179.42 18/5	1002.43 3/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (28)	1530.09	+0.9	10.24	3.86	11.09	21.65	1515.72	1490.82	1484.71	1100.02	1537.15 14/3	1183.56 5/1	1773.70 5/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (487)	1177.70	+1.5	9.42	3.77	13.11	10.45	1160.73	1147.80	1137.62	927.88	1177.70 19/5	935.74 3/1	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (13)	2049.53	+0.5	10.17	5.43	13.06	41.99	2039.04	2022.52	2005.68	1791.08	2049.53 19/5	1725.48 0/0	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1252.24	+1.3	9.51	3.98	13.11	13.02	1235.66	1222.37	1211.61	1000.80	1252.24 19/5	1002.81 3/1	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (123)	760.19	+0.5	-	5.87	-	14.74	756.11	757.35	754.40	679.11	776.56 8/2	670.86 3/1	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	761.27	+1.0	23.45	6.28	5.60	21.71	754.01	758.47	753.43	644.76	788.44 8/2	657.74 3/1	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	1086.40	+0.7	-	5.49	-	29.86	1079.12	1077.77	1073.87	956.76	1121.53 23/3	933.96 5/1	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	598.42	-0.2	-	5.73	-	13.65	599.67	608.72	600.01	528.07	611.64 8/2	528.72 3/1	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	1013.47	+0.7	7.81	6.22	17.13	27.06	1006.43	999.51	992.08	936.45	1071.22 8/2	916.68 3/1	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	331.46	+0.4	-	4.55	-	3.70	330.15	330.57	331.31	346.59	354.66 15/2	318.05 3/1	547.59 12/10/87	31.21 7/1/75
69	Property (52)	1342.22	+0.5	5.91	2.69	21.47	6.77	1335.81	1335.14	1331.93	1217.14	1352.49 14/3	1198.13 3/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	379.42	+0.3	9.83	5.55	12.86	4.03	378.31	377.59	375.78	374.28	391.49 8/2	342.99 3/1	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (72)	1178.08	----	-	2.75	-	8.37	1177.69	1170.38	1164.42	853.31	1178.08 19/5	922.04 3/1	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	641.94	+0.8	9.66	3.97	11.52	10.45	636.72	636.20	643.72	482.85	686.92 13/3	561.50 3/1	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1415.53	+1.3	9.87	4.98	11.71	30.41	1396.84	1390.48	1375.12	1039.52	1439.44 10/2	1273.76 3/1	1447.77 7/11/88	97.37 6/1/75
99	ALL-SHARE INDEX (705)	1131.41	+1.2	-	4.11	-	13.35	1118.29	1108.69	1100.28	915.16	1131.41 19/5	921.22 3/1	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 18	May 17	May 16	May 15	May 12	Year ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2204.7	+27.4	2204.7	2180.5	2177.3	2155.8	2136.7	2149.9	2135.7	1770.2	2204.7 19/5	1782.8 3/1	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 19	Day's change %	Thu May 18	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.31	+0.06	118.24	-	4.41
2	5-15 years	133.79	+0.03	133.75	-	4.62
3	Over 15 years	145.22	+0.03	145.17	-	5.92
4	Irredeemables	168.29	+0.07	168.17	-	6.10
5	All stocks	131.52	+0.04	131.47	-	4.78
	Index-Linked					
6	5 years	134.73	+0.34	134.27	-	1.36
7	Over 5 years	134.19	+0.17	133.96	-	1.28
8	All stocks	134.11	+0.18	133.87	-	1.27
9	Debentures & Loans	115.02	-0.01	115.04	-	3.80
10	Preference	89.26	+0.09	89.19	-	2.05

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 19	Thu May 18	Year ago (approx.)	1989 High	1989 Low
	British Government						
1	Low	5 years	9.58	9.57	8.63	10.39 30/12	8.88 9/2
2	Coupons	15 years	9.22	9.22	9.21	9.54 30/12	8.77 9/2
3		25 years	9.05	9.05	9.03	9.17 10/4	8.73 16/2
4	Medium	5 years	10.71	10.70	9.10	10.96 13/4	9.96 8/2
5	Coupons	15 years	9.66	9.65	9.40	9.82 13/4	9.21 8/2
6		25 years	9.22	9.22	9.21	9.35 30/12	8.85 17/2
7	High	5 years	10.82	10.80	9.20	11.07 13/4	10.13 8/2
8	Coupons	15 years	9.88	9.88	9.55	10.04 13/4	9.41 8/2
9		25 years	9.40	9.40	9.28	9.52 13/4	8.99 27/1
10	Irredeemables	†	9.04	9.04	8.90	9.21 12/4	8.68 15/3
	Index-Linked						
11	Inflation rate 5%	5yrs.	3.77	3.46	2.81	3.87 4/1	3.24 9/3
12	Inflation rate 5%	Over 5 yrs.	3.66	3.58	3.79	3.79 3/1	3.44 13/3
13	Inflation rate 10%	5 yrs.	2.99	2.78	1.80	2.99 19/5	2.11 24/1
14	Inflation rate 10%	Over 5 yrs.	3.48	3.42	3.62	3.62 3/1	3.28 13/3
15	Debs &	5 years	12.15	12.14	10.40	12.56 12/4	11.47 30/12
16	Loans	15 years	11.57	11.57	10.67	11.83 11/4	11.19 1/2
17		25 years	11.13	11.13	10.71	11.33 25/4	10.66 27/2
18	Preference	†	10.17	10.18	9.68	10.43 30/12	10.00 17/3

‡Opening index 2181.0; 10 am 2189.4; 11 am 2188.7; Noon 2186.5; 1 pm 2192.2; 2 pm 2194.1; 3 pm 2199.0; 4 pm 2199.8; 4.05 pm 2199.4 (a) 4.59pm (b) 9.09am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.

CONSTITUENT CHANGES: NEI (4) has been deleted and replaced by Asprey (34). DEBENTURE CONSTITUENT CHANGE: ICI 11⅜% 1991/1996 has been deleted.

Two S African gold mines threatened with closure

By Jim Jones in Johannesburg

EAST RAND Proprietary Mines (ERPM) and Durban Deep, two gold mines managed by South Africa's Rand Mines group, are threatened with early closure unless the Government heeds appeals for financial assistance.

Both mines, and particularly ERPM, have suffered large losses with the price weakness of gold. Neither has the option of exploiting ore which is sufficiently rich to halt the losses, and management warned yesterday that early closure was inevitable without state financial help.

The Government is in a cleft stick. It is reluctant to support marginal mines but at the same time reluctant to lose gold output because of foreign debt obligations. Last year South Africa produced 19.9m oz of gold, which provided 38 per cent of total exports.

During this year's first quarter, each of the 61,900oz ERPM produced cost the mine more than $530 against an average price received of about $372. Durban Deep was relatively better off. Each of its 48,600oz cost more than $443 against an average income boosted by hedging transactions of $412.

Since then, the gold price has weakened further, hedging opportunities are restricted, the mines are faced with hefty mid-year wage demands from black miners, and the rand has not depreciated sufficiently against the dollar to protect revenues from deteriorating dollar gold prices.

ERPM has been plagued by financial problems since the early 1980s when it undertook a major expansion programme to exploit virgin ore in the southern part of its property. The expansion was expected to extend the mine's life well into the next century, but financing came adrift as sliding gold prices combined with cost overruns.

Two rights issues failed to provide sufficient development capital and the mine was forced into borrowing from commercial banks backed by state guarantees. At present, ERPM's accumulated debt is in the region of R300m ($69.7m) and analysts point out that debt repayments will prevent dividends from being resumed for several years, no matter what happens to the gold price.

Durban Deep had planned a similar development but shied away when it saw what was happening to ERPM. It is now left with limited payable ore and no possibility of raising new capital from shareholders.

During the 1970s, several mines were kept afloat by the State Assistance Scheme, a form of negative taxation designed to tide marginal mines over temporary periods of gold price weakness. The scheme was terminated some years ago when high gold revenues persuaded the Government that unprofitable mines should be allowed to close.

However, more than a dozen mines producing more than one-fifth of the country's gold are unprofitable at present gold prices, and they too might call for government help if it is granted to ERPM and Durban Deep.

Strong domestic demand lifts Toray

By Robert Thomson in Tokyo

TORAY INDUSTRIES, Japan's largest textile and fibre group, yesterday reported a 40.3 per cent increase in annual pre-tax profit to Y52.24bn ($389m) as a slight fall in fibre and textile sales was more than compensated for by stronger demand for plastics, chemicals and newly developed lines.

The company said income after tax would be only 6.4 per cent higher because of write-offs of investments in subsidiaries.

This year it expects sales to remain at last year's level of Y553bn.

As with most Japanese textile companies, Toray has been forced to overhaul its structure in the past three years because of the appreciation of the yen and competition from lower-priced products from South Korea and Taiwan.

But it has benefited in the past year from strong domestic demand for high quality products.

Sales of fibres and textiles fell 0.9 per cent, while sales of plastics rose 2.5 per cent, basically because of higher demand for engineering plastics in the automotive and electrical industries.

Chemical sales increased 6.2 per cent, and the company's new products and other businesses division reported an increase of 24.5 per cent in sales after significant growth in demand for carbon fibres and artificial kidneys.

Meanwhile Wacoal, Japan's leading manufacturer of women's underwear, announced a 10 per cent increase in annual pre-tax profit to Y13.56bn after strong sales of foundation garments and higher quality underwear.

In its first year of a new reporting period, the company reported a 4.3 per cent year-to-year rise in foundation garment sales, and total sales of Y107.92bn. In the current year, sales are expected to rise 6.8 per cent, and pre-tax profit is forecast to rise 1.8 per cent.

The company is planning to concentrate marketing in specialty shops in the coming year, and has plans to expand production of men's wear.

Like Toray, the company has long had production bases in South-East Asia which have softened the impact of currency fluctuations.

Correction

Asea Brown Boveri

PROFIT figures for Asea Brown Boveri in yesterday's edition were incorrect. Operating earnings for the first quarter amounted to $229m and pre-tax profits were $172m.

Veba pays DM1.3bn for FN stake

By David Goodhart in Bonn

VEBA, the West German energy group, said yesterday it had paid DM1.3bn ($684m) for its 46 per cent stake in the conglomerate Feldmühle Nobel but stressed that it had no immediate plans to integrate fully the company.

The group, one of Germany's most acquisitive companies, will probably take two seats on the board. It is also probable that Mr Friedrich Christian Flick, who led a shareholder group which sold 40 per cent of FN to Veba, will also have his wish granted for a seat on the board.

The Flick-Veba deal is seen by many analysts as a rare victory for shareholder power in Germany. The Flick group took a profit of about DM150m on the deal and also realised their aim of injecting new management into FN.

FN consists of three companies built up by Mr Friedrich Flick, grandfather of the Flick brothers, and floated off together by Deutsche Bank in 1985: Feldmühle, Germany's largest paper and board group, Dynamit Nobel, the chemicals, plastics and explosives group, and Buderus, the construction and kitchen equipment manufacturer.

Both Mr Rudolf von Bennigsen-Foerder, the chairman of Veba, and Mr Heribert Blaschke, chairman of FN, said at a joint press conference yesterday that the deal was a friendly one and that FN would retain much of its independence. However, most analysts believe that Veba will take control of FN.

FN last year reported a static profit of about DM150m on turnover up 5 per cent to DM7.9bn. About half of those sales come from the paper business which is Veba's main interest. Loss-making Buderus and what remains of Dynamit Nobel after the chemical interests were sold (again to Veba) last year may well be sold off by Veba.

Veba has now acquired a fifth leg to stand alongside its power generation, oil, trading and chemicals businesses. It has been using its enormous cashflow to diversify into other – usually energy intensive – businesses. Veba's cash will be required to fund Feldmühle's enormous investment programme.

IXL stake on offer to Elders shareholders

By Gordon Cramb

AN 18 per cent stake in Elders IXL, Mr John Elliott's brewing, rural services and finance group, is to be offered to Elders shareholders as a result of the unwinding of a complex set of cross-holdings.

The parcel on offer is valued at some A$955.8m (US$758.5m). It is being sold by AFP Group, Mr Basil Sellars' investment company which controls brands such as Speedo and Gestetner, and by Goodman Fielder Wattie, the foods group which is engaged in a seesaw test of strength with Ranks Hovis McDougall of the UK.

Petitio, a special purpose company owned jointly by AFP and Goodman, has agreed with Elders that the holding will be offered to Elders shareholders, in a ratio of about one-for-five and priced at A$3.

Although the per share price is ex the 9.5 cent Elders interim dividend due in July, it is above the recent market level for Elders, which closed yesterday at A$2.74, up 1 cent ahead of the news.

In return, Elders is to raise A$138.6m by selling back to AFP an 18 per cent cross-holding which Mr Sellars' company will then cancel. This transaction is being made at A$1.26.

The sale of Petitio's 18 per cent stake will be underwritten by Harlin, another unquoted vehicle company through which Mr Elliott and key executives control a similar proportion of Elders.

Harlin was set up to buy from Broken Hill Proprietary, Australia's largest company, the holding BHP had accumulated in Elders. BHP has A$735m in Harlin preference shares following the unwinding of the stakes in BHP held by Elders and Mr Robert Holmes à Court after he abandoned his attempts to take over BHP.

Yesterday's arrangements are thus subject to approval by BHP as well as from Elders shareholders.

For Goodman, Mr Duncan McDonald, managing director, said the deal "was consistent with GFW's policy of reducing its level of investments and continuing the process of strengthening its balance sheet."

The move appeared to have little direct connection to the latest activity in Goodman's battle to fend of a hostile bid from RHM. Goodman this week sold its 29.9 per cent cross-holding in the British group to Sir James Goldsmith, Mr Jacob Rothschild and Mr Kerry Packer.

Elders said the disposal of the stake in AFP was "consistent with Elders' strategy of owning principally income earning assets."

Pargesa plans to raise capital

By William Dullforce in Geneva

PARGESA HOLDING, the Swiss-based parent of the financial and industrial group led by Mr Gerard Eskenazi of France and Mr Albert Frère of Belgium, plans to raise its equity base to almost SFr2bn ($1.14bn) through a SFr340m capital increase.

The new funds would enable the group to pursue its growth and seize certain unspecified investment opportunities, Pargesa said yesterday.

Since the beginning of the year, the holding company has increased its stake in Belgium's Groupe Bruxelles Lambert to 30.5 per cent and subscribed to a capital increase by Parfinance, the French investment company.

Pargesa's capital increase will comprise three parts: a 1-for-10 rights issue of 108,500 registered shares and the same number of bearer shares.

Second, an issue of 60,000 registered and 60,000 bearer shares to back a convertible bond to be issued by Pargesa Bank Corp, Luxembourg. Shareholders will have preference in subscribing to this five-year bond, which will be for an amount equivalent in Luxembourg francs to roughly SFr125m and carry a coupon of around 7.5 per cent.

An advantage for shareholders is that it will be free of Swiss withholding tax while Pargesa will be able to use it for swaps.

Third, 70,000 registered and 70,000 bearer shares will be issued as backing for an employee stock option plan. An issue of participation certificates was originally authorised as cover for the plan but Pargesa has since changed its mind about using certificates.

For 1988 Pargesa Holding proposed a rise in dividend from SFr62 to SFr65 per share after reporting a 14 per cent increase in its net profit to SFr90m.

Net consolidated earnings reached SFr160m, up by only 0.4 per cent from 1987. This result included a loss of SFr32.6m, Pargesa's part of the $166.7m loss reported by Drexel Burnham Lambert, the US banking group.

● Baer Holding, the parent of the Julius Baer banking group in Zurich, yesterday posted an 11 per cent increase in net profit to SFr28.1m for 1988. The board proposes to raise the dividend from SFr180 to SFr190 per bearer share, from SFr36 to SFr38 per registered share and from SFr7.20 to SFr7.60 per participation certificate.

Esso unit files complaint against Italy

By John Wyles in Rome

ESSO ITALIANA, the Italian subsidiary of the US multinational energy company, has lodged a formal legal complaint against Italy's Government alleging it is breaching its obligations under the law to raise petrol prices.

Esso is seeking a declaration in its favour from the Lazio region's administrative tribunal. The company claims the Government's failure to raise petrol prices fully in line with legally imposed formula has already cost it more than L1.5bn ($1m) since April 17.

Under a law passed in the early 1980s, the Government is supposed to adjust prices in line with an index produced by the European Commission based on average prices in five other European countries.

The index implied a L8 per litre increase on April 17, which was not granted, another L18 later in the month, of which only L14 was conceded, and subsequently another L15.6, which has also been ignored.

Esso says it has launched its action to protect its own interests "in the face of the repeated danger of political arbitrariness . . . at a time of particular volatility in the international market."

Earlier this month, the company announced that it would no longer base any medium-term or long-term investment decisions on Italian government policy declarations, claiming they must be translated into firm actions before they would be believed.

Deal signed on Nigerian liquefaction

By Steven Butler

A $2.5bn NIGERIAN natural gas liquefaction project moved a step forward yesterday with the signing in Lagos of a joint venture agreement to form a company to implement the scheme.

The company, Nigeria LNG, is owned by the Nigerian National Petroleum Corporation (60 per cent), Shell Gas (20 per cent), Agip (10 per cent), and Elf (10 per cent).

The company is to build two gas liquefaction trains (sets of equipment) which will produce about 4m tonnes of LNG annually for sale to Europe and the US starting from 1995.

Construction of the plant is to start in 1991. The joint venture company will secure gas supplies from fields in Nigeria, build and operate a dedicated gas transmission system and the liquefaction plant in Rinima, River State, and market and arrange for shipping of the gas.

Shell Gas Nigeria, which has been technical leader of the project since its inception in 1985, will continue to provide technical and commercial advice.

Ferruzzi more than doubles profits

By Alan Friedman in Milan

FERRUZZI Agricola Finanziaria, Mr Raul Gardini's industrial holding company that controls the Montedison chemicals and Eridania sugar and foods concerns, yesterday unveiled a more than doubled 1988 consolidated net profit of L301bn ($217m) after minorities.

The Ferruzzi result includes the first ever line-by-line consolidation of Montedison despite the fact that FAF owns only 45 per cent of Montedison. The company said the 1988 FAF consolidated group turnover of L22,580bn includes a theoretical 100 per cent of Montedison revenues, or L14,122bn.

The group turnover figure does not, however, include any revenues from Standa, the department store chain owned by Montedison until last summer. Nor does the FAF balance sheet show any revenues from META, the financial services subsidiary that was majority owned by Montedison for the first eight months of 1988.

Also missing from the Ferruzzi Agricola turnover figure for 1988 is L5,400bn of turnover from the group's trading activities.

Mr Guido Negro of Ferruzzi said last night: "We did not consolidate the trading figures because that business fluctuates too much and would distort our results."

Foreign exchange losses hit Suzuki

By Stefan Wagstyl in Tokyo

SUZUKI MOTOR, the Japanese mini-car and motorcycle maker, suffered a 22 per cent fall in annual profits to Y15.8bn ($113.9m) pre-tax, due to foreign exchange losses and the burden of funding increasingly rapid model changes.

Like other second-rank Japanese motor vehicle manufacturers, Suzuki is being squeezed by its first-division rivals, which are able to advance model changes more rapidly and simultaneously attack domestic and foreign markets.

Reporting parent company results yesterday for the year to March, Suzuki said foreign exchange losses totalled Y8bn resulting from the appreciation of the yen. The company exports some 40 per cent of its output.

It lost a further Y4.6bn on accelerated depreciation charges due to model changeovers.

However, after-tax profits were up 44.6 per cent to Y8.6bn, due to a sharp fall in tax payments. Sales were up 7.5 per cent at Y817bn due to brisk sales at home. Motorcycle sales were 13.8 per cent higher due to a recovery in a market which had been depressed; car sales rose 3.9 per cent.

For the current year, Suzuki expects pre-tax profits of Y20bn, or 27 per cent higher, on sales of Y850bn, up 4 per cent.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$365.75	-11.50	$455.5	$412.25	$365.75
Silver Per troy oz	331.15p	-9.35	354.9p	356.85p	327.45p
Aluminium 99.7% (cash)	$2290	-185	$3285	$2610	$1907.5
Copper Grade A (cash)	£1642.5	-67.5	£1341	£1982.5	£1634.0
Lead(cash)	£412	+15	£362	£412	£337
Nickel (cash)	$13000	-1250	$16850	$19350	$13000
Zinc (cash)	$1685	+25	£646	$2107.5	$1570.5
Tin (cash)	$10310	-140	£3710	$10760	$7460
Cocoa Futures (Jul)	£738	+21	£951	£900	£715
Coffee Futures (Jul)	£1229	+74	£1078	£1270	£1069
Sugar (LDP Raw)	$306.6	-9.0	$246	$315.6	$235.8
Barley Futures (Sep)	£103.00	-0.20	£100.60	£113.50	£100.95
Wheat Futures (Jun)	£116.40	-1.60	£108.5	£121.65	£114.40
Cotton Outlook A Index	77.70c	+0.15	67.05c	77.70c	61.35
Wool (64S Super)	615p	-5	650p	710p	615p
Rubber (Spot)	55.5p	N/C	74.5p	64p	55.5p
Oil (Brent Blend)	$17.925	-0.475	$16.63	$21.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. q-Jun.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.80-4.90v	
Brent Blend	$17.85-8.00q	-0.175
W.T.I. (1 pm est)	$20.40-0.45q	+0.25
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$248-251	-1
Gas Oil	$147-149	+3
Heavy Fuel Oil	$89-90	+2
Naphtha	$178-180	+3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$365⅞	-4⅛
Silver (per troy oz)♣	534c	-9
Platinum (per troy oz)	$498.50	-11.25
Palladium (per troy oz)	$153.50	-0.60
Aluminium (free market)	$2300	-75
Copper (US Producer)	125⅝-129c	+1
Lead (US Producer)	36.5c	+0.5
Nickel (free market)	580c	-10
Tin (European free market)	$10310	+65
Tin (Kuala Lumpur market)	27.10r	
Tin (New York)	472.00c	+2.75
Zinc (US Prime Western)	85⅜c	
Cattle (live weight)†	119.76p	+3.42*
Sheep (dead weight)†	263.08p	-6.99*
Pigs (live weight)†	88.89p	+3.48*
London daily sugar (raw)	$306.6u	
London daily sugar (white)	$355u	+1
Tate and Lyle export price	£302.0	
Barley (English feed)	£104.5w	
Maize (US No. 3 yellow)	£133	
Wheat (US Dark Northern)	£129.75u	
Rubber (spot)♥	55.50p	
Rubber (Jun)♥	63.50p	
Rubber (Jul)♥	63.50p	
Rubber (KL RSS No 1 Jun)	272m	
Coconut oil (Philippines)§	$505z	
Palm Oil (Malaysian)§	$420	
Copra (Philippines)§	$370	
Soyabeans (US)	£198	-1
Cotton "A" index	77.70c	+0.20
Wooltops (64s Super)	615p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Jul. u-Jun/Jul. q-Jun. x-Jun/Sep. w-Aug. z-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Jul	17.30	17.13	17.51	17.22
Aug	16.88	16.56	16.98	16.78
IPE Index	17.32	17.37	17.32	

Turnover: 5637 (4019)

COCOA £/tonne

	Close	Previous	High/Low	
May	720	698	720	698
Jul	738	714	739	710
Sep	760	729	759	730
Dec	804	775	804	774
Mar	789	769	789	770
May	793	775	792	780
Jul	810	790	805	793

Turnover: 9456 (9842) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for May 18: 930.96 (907.96): 10 day average for May 19: 925.96 (926.01)

COFFEE £/tonne

	Close	Previous	High/Low	
May	1399	1465	1438	1250
Jly	1229	1225	1252	1226
Sep	1170	1170	1194	1168
Nov	1140	1135	1165	1140
Jan	1140	1135	1160	1135
Mar	1138	1125	1145	1120
May	1138	1125	1145	1135

Turnover: 5322 (6055) lots of 5 tonnes

ICO indicator prices (US cents per pound) for May 18: Comp. daily 118.28 (116.70). 15 day average 115.22 (115.27)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	272.40	275.40	276.40	272.40
Oct	270.80	273.40	274.00	270.80
Dec	271.00	272.00	270.00	
Mar	261.20	263.20	263.00	260.60
May	260.00	262.00		
White	**Close**	**Previous**	**High/Low**	
Aug	352.00	348.00	351.00	347.50
Oct	332.50	331.50	333.50	330.00
Dec	328.00	326.00		
Mar	316.50	317.50	318.50	315.00
May	314.50	314.50	314.50	
Aug	314.50	313.50	315.00	313.50
Oct	312.00	312.00		

Turnover: Raw 2162 (2627) lots of 50 tonnes. White 1324 (2232).

Paris- White (FFr per tonne): Aug 2331, Oct 2215, Dec 2180, Mar 2119, May 2114, Aug 2100.

GAS OIL $/tonne

	Close	Previous	High/Low	
Jun	142.75	142.25	144.25	142.25
Jul	140.50	140.75	142.50	140.50
Aug	141.00	142.00	142.75	141.00
Sep	142.00	142.25	143.50	142.00
Oct	144.25	143.25	144.75	144.00
Nov	143.75	144.50	145.75	143.75
Dec	147.00	148.25	148.25	147.00

Turnover 9166 (5371) lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 21,600 tonne
Cash	2285-95	2310-20	2300	2295-300		
3 months	2110-5	2125-30	2130/2065	2100-05	2110-5	34,706 lots
Copper, Grade A (£ per tonne)						Ring turnover 35,175 tonne
Cash	1642-3	1669-70	1643/1638	1637-8		
3 months	1637-8	1661-2	1543/1636	1635-7	1641-3	72,931 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	528-31	537-40		537-8		
30 June	535-8	543-6		543-5		300 lots
Lead (£ per tonne)						Ring turnover 16,100 tonne
Cash	411-3	406-7	407	407-9		
3 months	395-7	394-5	398.5/391	394-5	398-8.5	10,262 lots
Nickel ($ per tonne)						Ring turnover 1,578 tonne
Cash	12950-3050	13230-300	12900	12850-900		
3 months	12725-50	12925-60	12800/12650	12675-700	12725/50	7,723 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 8,050 tonne
Cash	1780-5	1750-5	1783/1750	1750-2		
3 months	1670-5	1660-5	1675/1650	1660-2	1675-85	11,015 lots
Zinc ($ per tonne)						Ring turnover 10,650 tonne
Cash	1660-70	1655-60		1640-50		
3 months	1610-5	1607-10	1615/1590	1590-5	1615-8	10,944 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	96.0	95.0	96.0	95.0
Feb	110.0	120.0		
Apr	174.4	167.0	176.0	169.0
May	189.0	185.0	190.0	187.0

Turnover 425 (408) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	151.00	152.00	151.00
Oct	146.50		146.50

Turnover 60 (55) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
May	1700	1715	1710	1694
Jun	1543	1600	1580	1540
Jul	1425	1470	1469	1425
Oct	1515	1552	1535	1515
Jan	1540	1574	1550	1540
Apr	1565	1604	1580	1570
Jul	1355		1355	
BFI	1744	1748		

Turnover 641 (503)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
May	115.40	115.50		
Jun	116.40	116.50	116.70	116.60
Sep	105.15	105.25	105.25	
Nov	107.30	107.40	107.40	107.30
Jan	110.50	110.75	110.65	110.50
Mar	113.50	113.75	113.65	113.50
May	116.65	116.90	116.60	
Barley	**Close**	**Previous**	**High/Low**	
May	109.00	108.00	109.00	108.50
Sep	103.00	103.35	103.00	
Nov	106.00	106.35	106.40	106.00
Jan	109.00	109.35	109.25	
Mar	111.60	112.00		
May	113.00	113.35		

Turnover: Wheat 74 (172). Barley 159 (32). Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	110.5	110.0	110.0
Aug	108.5	108.0	108.0
Oct	112.0	112.0	112.0
Nov	113.5	113.0	113.0
Feb	107.7	107.5	107.5
Apr	109.5	109.0	

Turnover 91 (62) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	365½-366	226-226½
Opening	367½-368	227-227½
Morning fix	368.25	226.220
Afternoon fix	365.50	225.767
Day's high	367½-368	
Day's low	365¼-365¾	

Coins	$ price	£ equivalent
Mapleleaf	375-380	232-235
Britannia	375-380	232-236
US Eagle	375-380	232-235
Angel	375-380	232-235
Krugerrand	364-367	225-227
New Sov.	86-87	53-53¼
Old Sov.	86-87	53-53¼
Noble Plat	499.75-507.70	308.80-313.70

Silver fix	p/fine oz	US cts equiv
Spot	331.15	536.70
3 months	341.60	549.60
6 months	352.50	562.65
12 months	374.15	589.75

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1950	317	175	11	64
2150	164	80	58	162
2350	68	30	156	307
Copper (Grade A)	**Calls**		**Puts**	
2600	117	135	71	130
2700	70	94	123	188
2800	39	63	190	252

LONDON FOX TRADED OPTIONS

Coffee	Jul	Sep	Jul	Sep
1150	99	91	21	72
1200	65	69	37	100
1250	41	51	63	132
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
650	89	112	1	3
700	45	69	7	10
750	30	37	28	29

US MARKETS

IN THE METALS, gold and silver prices fell again on lack of fresh buying in the markets, reports Drexel Burnham Lambert. Platinum trading was choppy as prices swayed around the unchanged level. Copper gained late in the day on local buying.In the softs, heavy buy-stops lifted the cocoa market as prices climbed over 75 points, following a strong London market. Speculative buying helped support coffee futures, while the sugar market was slow. The grains all ended the week in non-eventful action. Local traders made up most of the volume. Expiration of the may contract took place in quiet fashion and mid-west rains were blamed for the overall bearish tone. Orange juice futures tumbled on strong trade selling and elected commission house sell-stops. Cotton prices eased from commission house selling. In the livestocks, pork belly prices advanced following the higher cash market and declining runs.live hogs gained from the declining runs and some evening up ahead of the weekend. Cattle futures were mixed. The energy complex featured technical trade buying keeping prices firm. News that OPEC might raise the supply ceiling was noted.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	365.7	369.7	0	0
Jun	366.8	370.3	369.0	366.3
Jul	368.4	372.2	0	0
Aug	369.9	373.9	372.5	369.5
Oct	373.7	378.0	377.0	373.5
Dec	377.8	382.1	381.0	377.2
Feb	381.5	386.3	0	0
Apr	385.4	390.6	387.0	387.0
Jun	389.5	394.8	392.0	389.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	500.2	502.7	505.0	497.0
Oct	500.5	502.2	504.5	497.0
Jan	502.2	503.7	507.0	499.0
Apr	506.5	506.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	522.9	540.1	533.5	524.0
Jun	524.0	541.3	525.5	525.0
Jul	529.2	546.7	542.0	526.0
Sep	538.3	556.2	561.5	537.5
Dec	551.1	569.4	564.0	550.0
Jan	555.0	573.7	0	0
Mar	583.8	592.7	576.0	584.0
May	572.7	592.0	580.0	572.0
Jul	581.8	601.5	596.0	583.5
Sep	591.2	611.3	602.5	602.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	118.00	116.85	118.60	114.80
Jun	118.60	116.70	115.50	115.50
Jul	118.60	116.60	118.80	114.80
Sep	116.90	115.00	117.00	113.00
Dec	114.50	113.20	114.20	111.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.42	20.29	20.84	20.35
Jul	18.83	18.80	19.18	18.80
Aug	18.24	18.18	18.40	18.20
Sep	17.88	17.78	17.95	17.79
Oct	17.66	17.53	17.70	17.58
Nov	17.52	17.38	17.52	17.40
Dec	17.34	17.21	17.35	17.25
Jan	17.15	17.06	17.26	17.15
Feb	17.20	16.96	17.20	17.15
Mar	16.96	16.87	17.05	16.95

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	4770	4755	4820	4720
Jul	4665	4641	4710	4610
Aug	4705	4689	4740	4665
Sep	4790	4753	4800	4750
Oct	4860	4823	4880	4823
Nov	4905	4893	4940	4890
Dec	5005	4963	5020	4950
Feb	4950	4938	4950	4950

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1244	1165	1250	1183
Sep	1204	1140	1208	1156
Dec	1205	1144	1215	1158
Mar	1200	1140	1205	1160
May	1204	1147	1173	1162
Sep	1243	1188	1200	1196

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	122.25	122.00	122.50	122.50
Jul	135.00	133.77	135.75	132.60
Sep	128.05	127.00	128.40	126.10
Dec	124.11	122.83	124.30	123.00
Mar	122.20	121.00	122.50	122.00
Jul	122.00	121.75	0	0
Sep	120.00	120.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.19	12.33	12.35	12.18
Oct	12.15	12.21	12.27	12.13
Jan	11.49	11.78	0	0
Mar	11.71	11.79	11.81	11.71
Jul	11.63	11.82	0	0
Oct	11.35	11.41	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	67.50	67.61	67.80	67.18
Oct	68.58	68.75	68.75	68.25
Dec	68.85	68.86	69.05	68.60
Mar	69.30	69.00	69.42	68.96
May	69.45	69.18	69.30	69.05
Jul	69.48	69.10	69.50	69.10
Oct	69.00	69.10	69.00	69.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	179.40	183.25	183.00	177.60
Sep	176.00	180.80	180.00	175.80
Nov	166.00	170.65	170.00	165.85
Jan	163.25	168.00	168.00	163.00
Mar	162.50	167.50	166.50	162.50
May	162.60	167.60	0	0
Jul	162.60	167.50	0	0
Sep	162.60	167.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

May 18	May 17	mnth ago	yr ago
2014.3	2004.3	2024.7	1783.5

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	136.44	136.74	137.52	134.81
Futures	135.15	135.05	136.51	136.01

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	739/0	736/6	740/6	734/0
Jul	721/0	721/0	724/0	717/0
Aug	711/2	712/0	714/0	708/0
Sep	693/4	693/0	694/4	689/4
Nov	686/2	685/4	686/4	681/4
Jan	694/6	693/6	695/0	690/4
Mar	702/4	703/0	704/0	701/4
May	711/0	710/2	711/0	708/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.52	22.42	22.56	22.33
Jul	22.99	22.79	23.00	22.68
Aug	23.17	23.02	23.13	22.94
Sep	23.41	23.30	23.42	23.13
Oct	23.57	23.44	23.57	23.30
Dec	23.91	23.80	23.95	23.72
Jan	24.00	23.95	24.00	23.85
Mar	24.35	24.50	24.44	24.30

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	210.2	214.4	214.3	209.5
Jul	213.2	214.4	214.1	212.3
Aug	211.1	211.7	212.0	210.2
Sep	207.5	207.7	208.0	206.0
Oct	203.2	204.0	203.5	202.5
Dec	202.1	201.7	202.5	200.5
Jan	201.5	201.0	201.5	201.0
Mar	200.5	200.5	201.0	200.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	274/6	276/0	276/0	274/0
Jul	271/6	271/6	272/4	270/2
Sep	261/4	260/4	262/0	260/0
Dec	258/4	257/2	258/4	256/6
Mar	265/4	263/6	265/4	263/6
May	267/4	266/0	267/4	266/0
Jul	269/0	267/4	269/4	268/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	403/2	406/2	407/4	401/0
Jul	400/4	402/6	403/4	399/4
Sep	408/6	410/0	410/2	407/0
Dec	420/4	423/2	423/0	420/0
Mar	426/4	429/4	426/0	425/4
May	418/0	421/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	70.70	70.67	70.85	70.40
Aug	66.95	67.15	67.27	66.80
Sep	68.00	68.00	0	0
Oct	69.47	69.55	69.60	69.25
Dec	71.10	71.22	71.27	71.00
Feb	71.55	71.55	71.55	71.30
Jun	71.67	71.67	0	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	48.72	48.27	48.80	48.00
Jul	48.95	48.37	48.97	48.25
Aug	47.15	46.55	47.25	46.45
Oct	43.62	43.42	43.92	43.45
Dec	45.80	45.50	46.85	45.80
Feb	47.00	46.90	47.20	46.90
Apr	44.75	44.67	44.85	44.60
Jun	47.60	47.77	47.65	47.60

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	36.10	35.10	36.55	35.52
Jul	35.87	35.35	36.35	35.10
Aug	35.45	35.05	35.85	34.90
Feb	53.55	52.47	53.60	52.40
Mar	53.00	52.10	53.20	52.50
May	54.50	53.55	54.50	0
Jul	53.00	52.05	[illegible]	[illegible]

INTL. COMPANIES

Japan's leading brokers show big profit gains

By Stefan Wagstyl in Tokyo

THE BIG FOUR Japanese securities houses yesterday posted large gains in half-year profits due to strong turnover and rising prices in the Tokyo equity market and a surge in new stock issues.

The parent company results for the six months to March show the brokers' profits are running at about the same level as in the record year to September 1987, just before the plunge in world markets. The results highlight the sharp recovery made in the securities industry in Tokyo in contrast to London and New York.

Aside from the overall increase in equity broking, trading and underwriting activity, all four companies benefited from a surge in issues in the warrant bond market. Revenues from broking and trading bonds were generally down because of a decline in interest in bond investment caused by the rise in world interest rates and the fall in the yen against the US dollar.

Nomura Securities, the world's largest securities company, remained far ahead of the other three large Japanese houses in terms of revenues and profits.

However, Daiwa Securities, the number two firm, cut into Nomura's lead by posting record results through big gains in trading, especially in warrants. Nikko Securities, the third largest, made a sharp recovery, after almost losing its lead in profits last year over fourth-placed Yamaichi Securities due to heavy losses in bond trading. The brokers are changing their year-end from September to March.

Nomura made profits of Y246.6bn ($1.8bn) before tax and extraordinary items, an increase of 21.8 per cent on an annualised basis. Net income was Y104.0bn, up 9.8 per cent. Operating revenues were Y501.6bn (ahead 18.6 per cent), of which Y190.8bn came from broking equities, Y40.5bn from broking bonds, Y84.3bn from trading and the rest from underwriting, distribution and other areas. Increases in underwriting and trading profits were particularly strong.

Daiwa had operating revenues of Y315.1bn, 19.6 per cent higher on an annualised basis, pre-tax profits of Y156.1bn (up 39 per cent) and net profits of Y65.5bn (up 13.8 per cent). The company said an increase in trading profits, including warrant trading, made an important contribution.

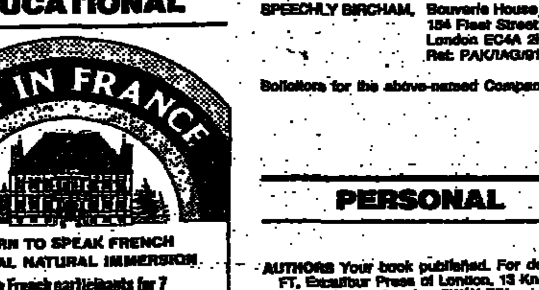
Nikko recorded revenues of Y282.1bn (up 24 per cent on an annualised basis) and profits of Y143.0bn pre-tax (up 69 per cent) and Y51.6bn net (28.6 per cent higher). The company saw a big turnround on its trading account.

Wella falls short of target

WELLA, the West German hair care concern, lifted 1988 net income by 4 per cent but fell short of its earlier growth forecasts, AP-DJ reports.

Group net income advanced to DM70.4m ($37m) from DM67.6m, and sales rose by 13 per cent to DM2.2bn from DM1.96bn. Wella proposes to pay an unchanged 1988 dividend of DM9 for each non-voting preferred share.

Last summer, Mr Karl Heinz Krutzki, chairman, had promised a dividend increase of DM1 a share if the company reached its target of 10 per cent net income growth. In November, the company revealed a slowdown in earnings growth because of high financing costs related to the purchase of Parfums Rochas of France in 1987.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

RENEWED CENTRAL bank intervention was only partly successful in controlling the dollar's rise in currency markets yesterday. The US Federal Reserve was joined by the Bank of Canada and nine European central banks in selling the dollar against the yen and D-Mark at around Y138.60 and DM1.9660.

However, the US unit showed a small recovery towards the close of business, and this prompted a further round of intervention from the Fed at Y138.70 and DM1.9700.

The dollar closed at DM1.9695 from DM1.9665 and Y138.75 from Y138.65. Elsewhere, it finished at SFr1.7575 from SFr1.7570 and FFr6.6700 compared with FFr6.6500. On Bank of England figures, the dollar's exchange rate index slipped to 71.1 from 71.3. In New York, the Fed's second round of intervention failed to deter further demand for the dollar, and by early afternoon New York time the US unit was touching DM1.9750.

The dollar opened in London on a slightly softer note, following dollar sales by the Bank of Japan in Tokyo. However a smaller than expected rise of 2.5 per cent in Japanese wholesale prices in April (swollen by the effects of a 3 per cent sales tax, which came into force on April 1) reduced speculation that the Bank of Japan might sanction an early increase in its discount rate. This helped the dollar to recover slowly, so that by midday in London it had recovered all of its earlier losses.

Sterling showed little reaction to key data on inflation and money supply released yesterday. The retail price index rose to 8 per cent on a year-on-year basis. This was above earlier expectations, but the figure had been widely leaked before the official announcement. A rise to £4.6bn in April bank lending was also ignored.

The pound's exchange rate index closed at 94.5, unchanged from the opening and barely changed from the close on Thursday of 94.4. Against the dollar, sterling closed at $1.6190 from $1.6185, and in D-Mark terms rose to DM3.1875 from DM3.1825. It was also higher against the yen at Y224.75 from Y224.50. Elsewhere, it finished at FFr10.7975 from FFr10.7625 and SFr2.8450, unchanged from Thursday.

The Italian lira was confined to a narrow range, and showed little reaction to news that Mr Ciriaco de Mita had resigned as Italian Prime Minister. The dollar closed at L1435 from L1432 while the D-Mark finished at L728.61 compared with L728.20 on Thursday.

£ IN NEW YORK

May 19	Latest	Previous Close
£ Spot	1.6210-1.6220	1.6175-1.6185
1 month	0.40-0.39pm	0.38-0.36pm
3 months	1.25-1.23pm	1.22-1.18pm
12 months	4.54-4.44pm	4.43-4.33pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6150-1.6230	1.6185-1.6195	0.39-0.36cpm	2.78	1.23-1.19pm	2.99
Ireland†	1.3560-1.3610	1.3570-1.3580	0.15-0.20cdis	-1.55	0.23-0.33dis	-0.83
Canada	1.1870-1.1925	1.1910-1.1920	0.26-0.30cdis	-2.82	0.71-0.77dis	-2.49
Netherlands	2.2195-2.2215	2.2190-2.2200	0.50-0.48cpm	2.66	1.32-1.28pm	2.35
Belgium	41.10-41.30	41.20-41.30	6.00-4.50cpm	1.53	14.00-11.00pm	1.22
Denmark	7.64⅜-7.67⅛	7.66⅜-7.67⅛	0.65-0.40orepm	0.82	0.90-0.50pm	0.37
W. Germany	1.9625-1.9715	1.9690-1.9700	0.52-0.50pfpm	3.11	1.35-1.32pm	2.71
Portugal	162.60-162.95	162.60-162.70	60-90cdis	-5.53	180-260dis	-5.41
Spain	122.65-123.55	122.90-123.00	30-40cdis	-3.42	110-120dis	-3.74
Italy	1430½-1436	1434¼-1435¼	2.50-3.00liredis	-2.30	7.60-8.10dis	-2.19
Norway	7.08½-7.11	7.10¼-7.10¾	0.50-0.75oredis	-1.06	1.95-2.25dis	-1.18
France	6.64⅞-6.67½	6.66⅞-6.67⅛	0.62-0.57cpm	1.07	1.40-1.30pm	0.81
Sweden	6.63-6.65¼	6.64-6.64½	0.80-0.95oredis	-1.58	2.60-2.85dis	-1.64
Japan	138.35-138.95	138.70-138.80	0.59-0.57ypm	5.02	1.63-1.61pm	4.68
Austria	13.81½-13.85¼	13.84¾-13.85¼	2.35-1.85gropm	1.82	7.50-6.00pm	1.95
Switzerland	1.7515-1.7585	1.7570-1.7580	0.36-0.33cpm	2.25	0.99-0.95pm	2.21

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 41.30-41.40.

POUND SPOT- FORWARD AGAINST THE POUND

May 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6150-1.6230	1.6185-1.6195	0.39-0.36cpm	2.78	1.23-1.19pm	2.99
Canada	1.9220-1.9300	1.9260-1.9270	0.08pm-0.03cdis	0.16	0.33-0.18pm	0.53
Netherlands	3.58½-3.60	3.58½-3.59½	1⅝-1½cpm	5.43	4⅝-4½pm	5.08
Belgium	66.50-66.90	66.75-66.85	19-17cpm	3.23	66-43pm	3.86
Denmark	12.39-12.42¼	12.41¼-12.42¼	4-3½orepm	3.62	10¼-9⅞pm	3.32
Ireland	1.1870-1.1940	1.1890-1.1900	0.40-0.35ppm	3.78	1.05-0.95pm	3.36
W. Germany	3.18-3.19	3.18½-3.19	1⅜-1¼pfpm	5.88	4⅜-4¼pm	5.65
Portugal	262.60-264.00	263.00-264.00	5-32cdis	-0.94	12-96dis	-0.82
Spain	198.40-199.30	199.00-199.30	2-14cdis	-0.48	31-47dis	-0.78
Italy	2317¼-2324	2322¼-2323½	2-par lirepm	0.52	6-4pm	0.86
Norway	11.48-11.50¼	11.49¼-11.50¼	1⅞-1⅜orepm	1.70	5⅜-4⅜pm	1.76
France	10.77-10.80½	10.79¼-10.80¼	3⅝-3⅛cpm	3.89	10¼-9⅞pm	3.73
Sweden	10.73½-10.76½	10.75-10.76	1⅛-1⅛orepm	1.46	3½-3pm	1.21
Japan	224¼-225¼	224¼-225¼	1⅜-1⅜ypm	7.68	4⅜-4¼pm	7.56
Austria	22.35-22.45	22.40-22.43	9⅞-8¼gropm	4.99	29½-26⅞pm	5.01
Switzerland	2.83½-2.85	2.84-2.85	1¼-1⅛cpm	5.01	4⅞-4⅝pm	6.33

EMS EUROPEAN CURRENCY UNIT RATES

CURRENCY RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6190	1.6153	1.6069	1.5945	1.5747
D-mark	3.1875	3.1719	3.1423	3.1022	3.0341
French Fr.	10.798	10.763	10.696	10.600	10.448
Swiss Fr.	2.8450	2.8330	2.8088	2.7726	2.7105
Yen	224.75	223.29	220.47	216.53	209.79

MONEY MARKETS

UK rates steadier

A RISE in UK inflation rate failed to have any effect on domestic interest rates in London yesterday. Traders are convinced that the authorities are reluctant to sanction a move in bank base rates from the current 13 per cent level, and the key three-month interbank rate was unchanged at 12⅞-12$\frac{13}{16}$ per cent. Weekend money touched a high of 12¾ per cent although late balances were taken down to 9 per cent.

UK clearing bank base lending rate
13 per cent
from November 25

However, the average rate of discount at the weekly tender on 91-day Treasury bills edged up to 12.411 per cent from 12.2451 per cent. Apart from the £500m of 91-day bills on offer, which was a repeat of last week's offering, the Bank of England offered for the first time a tender on £100m of 182-day Treasury bills.

The Bank forecast a shortage of around £500m. Factors affecting the market included a rise in the note circulation of £440m, and Exchequer transactions which drained a net £70m. Bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance were broadly in balance, while banks' balances were brought forward £10m above target.

The forecast was revised to a shortage of £450m but there was no intervention by the Bank during the morning.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

LONDON (LIFFE)

PHILADELPHIA SE £/$ OPTIONS

CHICAGO

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Jun	222.10	222.70	220.00	220.30
Sep	226.50	226.70	224.00	224.45

Estimated Volume 4319 (3423)
Previous day's open int. 21129 (21180)

LONDON TRADED OPTIONS

BRITISH STEEL commanded most business among individual stocks on the London Traded Options Market yesterday, as overall business on the market reached the relatively high amount by recent standards of 47,790. This is not a total that might have excited much attention a few weeks ago, but it is one that stands out against the standards of the last few days. The overall turnover was made up of 32,488 call contracts and 15,302 put.

Turnover in British Steel amounted to 3,624 contracts, of which 2,469 were call and 1,155 put, as the underlying price of the share gained 2p to 92p. The July 80 calls alone attracted 1,441 contracts, and the puts in the corresponding series 1,030. A feature of trading in Steel was that it was contained in only 52 bargains, at an average size of 69.6 contracts. At least one major house took a bullish view of the stock, by buying calls and selling puts.

Racal Electronics continued to command attention both on the underlying market, on which it gained 14p on the day to 506p, and in options trading, in which it attracted 2,137 contracts, comprised in 1,094 calls and 1,043 puts. Some inter-market maker options business was reported. The underlying price of the stock was up 14p to 506p, maintaining the recent upward run in the share price. The average bargain size in the stock, however, stood in stark contrast to that in British Steel, amounting to an average of 19.2 contracts, on the back of 111 bargains.

Trading in the FT-SE 100 index amounted to 11,011 contracts, made up of 5,888 calls and 5,123 puts, as the index itself again gained new post-Great Crash of October 1987 highs to end at 2,204.7.

● The Stock Exchange Account opening on Monday is a two-week account, covering the late spring bank holiday. It was incorrectly said to be a three-week account in yesterday's column.

WORLD STOCK MARKETS

INDICES

NEW YORK — DOW JONES

	May 18	May 17	May 16	May 15	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2470.12	2462.43	2453.45	2463.89	2470.12 (18/5)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.95	89.64	89.50	89.35	89.95 (18/5)	87.35 (23/3)	–	–
Transport	1141.82	1140.69	1139.07	1139.07	1144.08 (27/4)	959.95 (3/1)	1144.08 (27/4/89)	12.32 (8/7/32)
Utilities	199.21	198.44	196.60	196.36	199.21 (18/5)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2482.77 (2478.74) Low 2448.86 (2439.70)

STANDARD AND POOR'S	May 18	May 17	May 16	May 15	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	317.97	317.48	315.28	316.16	317.97 (18/5)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	365.47	364.90	362.52	363.67	365.47 (18/5)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	29.41	29.41	29.22	29.26	29.41 (17/5)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	177.29	176.98	175.92	176.25	177.29 (18/5)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	352.58	351.84	349.92	350.04	352.58 (18/5)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	439.81	438.52	435.66	436.21	439.81 (18/5)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	May 12	May 5	Apr 28	year ago (approx.)
Dow Industrial Div. Yield	3.43	3.51	3.45	3.60

	May 17	May 10	May 3	year ago (approx.)
S & P Industrial div. yield	3.04	3.12	3.08	2.94
S & P Indl. P/E ratio	13.42	13.54	13.64	15.35

TRADING ACTIVITY † Volume (Millions)

	May 18	May 17	May 16
New York	178.223	192.783	174.469
Amex	12.914	12.806	11.597
OTC	163.451	169.987	143.457

NEW YORK	May 18	May 17	May 16
Issues Traded	1,978	1,971	1,968
Rises	831	958	677
Falls	630	505	791
Unchanged	517	508	500
New Highs	159	197	122
New Lows	19	19	22

CANADA

TORONTO	May 18	May 17	May 16	May 15	1989 High	1989 Low
Metals & Minerals	3447.7	4346.1	3458.3	3486.6	3564.9 (6/2)	3207.5 (3/1)
Composite	3675.4	3669.5	3658.7	3661.2	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1898.01	1889.95	1884.47	1881.25	1898.01 (18/5)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Avon Prod	5,829,000	33	– 7¼
AT&T	2,744,400	35⅛	+ ½
Gen Elec	2,677,300	53⅛	+ ¼
Texas Ut	2,146,200	30½	----
Eastman Kodak	2,098,200	44½	+ 1
Can Pacific	1,971,200	18⅞	----
Union Carbide	1,749,000	27¼	– ⅝
IBM	1,743,000	112	+ ½
Amer Express	1,501,300	33¼	– ⅝
Sears Roebuck	1,387,200	46⅞	----

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 19	May 18	May 17	May 16	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1562.9	1560.8	1561.6	1557.3	1565.8 (15/5)	1412.9 (7/4)
All Mining (1/1/80)	697.9	698.4	697.2	694.9	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	308.30	315.13	317.86	319.73	320.48 (12/5)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6079.02	6076.32	6068.09	6051.12	6079.02 (19/5)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	307.69	307.61	309.18	310.64	310.64 (16/5)	275.49 (27/2)
FINLAND						
Unitas General (1975)	803.8	799.7	799.1	798.6	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	460.3	458.5	461.1	465.9	470.4 (24/4)	417.9 (4/1)
Ind. Tendance (30/12/88)	108.9	108.2	108.6	109.1	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	568.12	566.96	563.41	563.60	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1687.0	1682.2	1671.2	1672.5	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1350.41	1343.98	1345.64	1339.75	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3145.63	3277.66	3246.41	3289.50	3309.64 (15/5)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	601.78	603.78	607.01	602.76	620.30 (24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	34000.98	33856.33	33992.45	33926.4	34135.24 (8/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2518.15	2509.72	2523.45	2520.13	2544.60 (8/5)	2366.91 (6/1)
NETHERLANDS						
CBS Tll.Rtn.Gen. (End 1983)	240.4	239.4	237.3	238.6	240.4 (19/5)	208.3 (3/1)
CBS All Shr (End 1983)	187.4	186.8	185.2	186.3	190.6 (27/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	650.00	645.21	(c)	641.47	665.61 (19/4)	467.37 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	(c)	1309.71	1310.02	1303.48	1310.02 (17/5)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	(u)	1431.0	1442.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	(u)	(u)	2473.0	2486.0	2581.0 (28/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	306.24	305.44	303.99	303.88	306.24 (19/5)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4002.6	3971.7	3950.4	3930.3	4002.6 (19/5)	3338.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	672.3	670.1	669.3	674.6	686.0 (28/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	506.9	507.8	510.9	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation.

Base values of all Indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Surge by dollar pulls Dow and bonds higher

Wall Street

REBUFFING another round of concerted central bank intervention, the dollar continued to climb yesterday, briskly pulling US bond and equity markets along with it, *writes Roderick Oram in New York.*

From its close in New York on Thursday, the US currency gained about 0.7 pfg to DM1.9745 and Y0.4 to Y139 by early afternoon. Its strength helped attract more foreign investors into US bond and equity markets, traders reported.

The price of the Treasury's benchmark long bond rose about two-thirds of a point to 101 29/32, shaving its yield to 8.71 per cent, its lowest level since late-January.

Stocks, responding to lower interest rates and foreign buying, powered ahead. The Dow Jones Industrial Average rose more than 30 points during the morning to top the 2,500 level but gave up some ground later. At 2 pm it was up 18.88 points at 2,489.00.

Broader market indices mirrored the Dow, as trading volume remained moderately heavy during the morning. By early afternoon, 155m shares had changed hands on the New York Stock Exchange, with advancing issues outnumbering those declining by a ratio of two to one.

Reflecting the bullish tone of the markets, Merrill Lynch advised clients to switch portfolios to 55 per cent bonds and 45 per cent stocks from 45 per cent bonds, 40 per cent stocks and 15 per cent cash.

Avon Products was the most active stock for the second day running, with more than 3.2m shares changing hands by early afternoon. It fell $¼ to $32¼ after plunging $7¼ on Thursday following Amway's withdrawal of its $39-a-share takeover offer.

Avon's management said yesterday that the company would not buy back the 10.3 per cent stake in it held by Amway and Mr Irwin Jacobs, the Minneapolis investor, or pay any other form of greenmail to them.

Phelps Dodge added $⅞ to $61 following a $1⅛ gain on Thursday. The Phoenix-based copper miner is the subject of repeated speculation that it will become a takeover target or recapitalise to pay a big special dividend.

Some analysts pointed out, however, that Phelps Dodge was an unlikely candidate for a bid. It is riding high on the current boom in the copper market and its results are likely to suffer in coming years.

BankAmerica gained $⅞ to $25⅞. A leading analyst recommended purchasing stock in the San Francisco bank holding company because of its improved financial performance.

Goodyear Tire and Rubber rose $1⅛ to $54 following magazine reports that the break-up value of the company was $75 a share and was worth even more to a foreign buyer.

Prime Computer fell a further $¾ to $15⅛. It said MAI Basic Four, headed by Mr Bennett LeBow, a raider, would not sign a confidentiality agreement before seeing its financial data.

Canada

AN EXPECTED rise of 0.3 per cent in the Canadian consumer price index in April had little effect on Toronto, which held on to small gains at midsession in quiet trading. The composite index rose 1.4 to 3,677.8 on volume of 13.9m shares.

EUROPE

Bourses rise as confidence trickles back

AN EASING of interest rate fears helped European bourses gain ground, with several of the smaller markets continuing their record-breaking runs, *writes Our Markets Staff.*

FRANKFURT rose further after the Bundesbank's decision not to raise interest rates on Thursday, but investor confidence was not fully restored and volume was moderate. "People don't know quite what to think about interest rates," explained one analyst. He added that there had been some interest from UK institutions, but the market had generally been pretty quiet.

The DAX index rose 6.43 to 1,350.41, taking its rise for the week to 0.2 per cent, and the FAZ index gained 1.16 to 568.12. Total German turnover was worth DM4.15bn.

Veba, *the energy group,* closed DM5.30 down at DM281.70 before saying it had not decided whether to make an offer for further shares in paper company Feldmühle – which eased DM11.70 to DM349.80 – after its purchase of 46 per cent on Thursday.

Viag, the energy and chemicals company, gained DM7 to DM302.50 on takeover rumours. There was speculation that Lonhro of the UK was on the prowl or that Bayernwerk, in which Viag has a 38 per cent stake, would buy shares in Viag to ward off a hostile bid.

Nixdorf rose DM8.50 to DM335.50, also on continued takeover talk.

PARIS jumped by 1 per cent as investors focused on a few stocks, after interest rate fears apparently flew out of the window. The CAC 40 index rose 16.75 to 1,674.75 and the OMF 50 index gained 5.12 to 481.20. Losses early in the week reduced the OMF 50 index's weekly climb to 1.07 points.

Casino had a busy day as investors reacted positively to details of the retailer's convertible bond issue with warrants. Casino ADP shares soared 6.4 per cent to FFr164.40, a gain of FFr9.90, with 228,100 shares changing hands. Casino ordinary shares jumped FFr4.20 to FFr231.80 on turnover of about 120,000 units.

Activity in Cie du Midi, the insurer, provoked an outcry on the options market, where dealers stopped trading for an hour in protest at a block sale of 40,000 shares in the stock which they wanted investigated. Midi dropped FFr55 to FFr1,360 and was suspended from trading. On return to trading, it recouped most of the lost ground to end at FFr1,405.

MILAN rose off its lows before news after the close that Prime Minister Ciriaco De Mita had announced his resignation. After a weak opening, the market was encouraged by speculation that the Prime Minister was about to stand down, thereby removing the political uncertainty *that has* been hanging over trading.

One analyst said that the announcement had been expected and that the only surprising element, perhaps, was the rapidity with which it had happened. The after-market was strong, although volume remained thin.

The Comit index closed 2 lower at 601.78 – a drop of 0.26 per cent on the previous week – in light turnover estimated at L150bn.

AMSTERDAM ended a quiet day in steady fashion, supported by a firm opening on Wall Street. The CBS tendency index rose 0.4 to 177.3 – a fall for the week of 0.8 per cent.

In the insurance sector, Aegon and Amev, both trading ex a Fl 3.20 dividend, fell Fl 1.80 to Fl97.80 and rose Fl 1.10 to Fl 49.60 respectively. Amev reported improved first quarter profits on Thursday.

MADRID put in another healthy performance, as the lower-than-expected domestic inflation rate for last month inspired buying, sending the general index to another high for the year.

The index rose 0.85 to 306.24 for a week's gain of 1 per cent. Share prices have jumped by 3 per cent so far this month.

ZURICH saw selective demand for blue chips and gained ground for the second consecutive session. The Crédit Suisse index gained 1.8 to 558.3, but registered a loss on the week of 2.8 points.

Chemicals saw further gains, with Ciba-Geigy bearers recouping a SFr50 dividend to close unchanged at SFr3,630.

OSLO reached its third consecutive record high, with the all-share index rising 2.10 to 505.80, for a robust 2.9 per cent rise on the week.

BRUSSELS climbed to its fourth consecutive record as investors continued to buy selected stocks before forthcoming dividend payments. The cash market index closed at 6,079.02, a 1.2 per cent increase on the week.

STOCKHOLM closed at a fourth *all-time high in a row in* fairly active trading. The Affärsvärlden General index rose 6.3 points to 1,164.7.

HELSINKI advanced in moderate trade. The Unitas all-share index rose 4.1 to 803.8.

SOUTH AFRICA

THE WEEK in Johannesburg *ended nervously,* with the market continuing its recent slide – led by falling gold shares – amid heightened bearish sentiment as the bullion price fell to almost $365.

In golds, Randfontein lost R12 to R190 and Driefontein shed R1.25 to R37.

ASIA PACIFIC

Lingering doubts restrict Nikkei advance

Tokyo

A PAUSE in the yen's fall gave investors an opportunity to come back into the market, but lingering uncertainties kept trading at a modest level, *writes Michiyo Nakamoto in Tokyo.*

Share prices drifted in early trading, in spite of favourable news such as the Bundesbank's decision on Thursday not to raise its Lombard rate. Later encouragement from the currency market, however, helped the Nikkei average edge above the 34,000 mark and close 144.65 up at 34,000.98.

The day's high was 34,006.57 and the low was 33,803.86. Advances led declines by 500 to 390 while 185 issues were unchanged.

Turnover was still discouragingly low at 750.71m shares, although higher than the 626.70m traded on Thursday. The Topix index of all listed shares rose 8.43 to 2,518.15 and the ISE/Nikkei index climbed 2.81 to 2,017.60 in London trading.

The yen's slight recovery against the dollar helped boost investor confidence to some extent. But the lack of turnover showed that institutional investors were once again remaining on the sidelines.

Many analysts contend, however, that in spite of some worries, the market has remained relatively strong thanks to expectations of buoyant demand from new funds likely to come from massive redemptions of bonds – Y2,800bn of government bonds will be redeemed on 22 May – and from public institutions once the budget is passed.

The recent strength of the dollar brought electricals and precision stocks to centre stage. Favourable business performance and good prospects in the near term particularly boosted high-technology electricals. Electrical issues have been neglected and it was felt that their prices would not fall lower than their present levels.

Toshiba was actively selected, topping the volumes list with 54.5m shares traded. It closed unchanged at Y1,370.

Mitsubishi Electric, second most actively traded with 29.7m shares, added Y20 to Y1,180, and Victor Co of Japan rose Y170 to Y2,440.

Amada, a leading builder of metalworking machines, increased Y70 to Y1,730 in active trading.

Interest in high-technology issues supported share prices in Osaka, where the OSE average added 136.95 to 33,087.71. Volume also improved, to 110.02m shares against 65.73m traded on Thursday. Nintendo, the video computer game maker, was the top gainer, adding Y1,100 to Y11,400.

Roundup

A FAIRLY quiet day in Australia was enlivened by company news. Singapore was closed for a holiday.

AUSTRALIA lacked sparkle as the market consolidated amid fears of a tighter monetary policy. The All Ordinaries index edged 2.1 higher to 1,562.9 in thin volume of 76.6m shares worth A$168.4m.

Bond Corp rose 15 cents to A$1.35 after saying it was selling its worldwide brewing interests to Bell Resources, in *which it has a 58 per cent* stake. Bell Resources gained 15 cents to A$1.07 and the Bell Group picked up 19 cents to 79 cents.

Goodman Fielder Wattie fell 2 cents to A$2.42 on active turnover of 3m shares. On Thursday, Goodman sold its 29.9 per cent stake in the UK's Ranks Hovis McDougall, which is seeking to take over the Australian food group, to a company controlled by Sir James Goldsmith, Mr Jacob Rothschild and Mr Kerry Packer.

MANILA declined in a busy session amid rumours that former president Mr Ferdinand Marcos had died in Hawaii, which stirred up fears of political unrest. The composite index lost 18.44 to 1,084.53.

Hong Kong suffers steepest daily fall since the crash

By John Elliott in Hong Kong

HONG KONG'S stock exchange yesterday suffered its biggest daily fall since the 1987 world market crash when concern about developments in Peking, including a possible army clampdown on demonstrators, unexpectedly turned several weeks of generally cautious, quiet trading into a spate of panic selling.

The local Hang Seng Index fell 126.7 points from Thursday's close to 3,145.63, its lowest level since May 4 when the market climbed to new post-crash highs in spite of the Peking troubles.

Trends early next week are expected to depend on events in China. A peaceful settlement of the demonstrators' demands would lead to a rapid rise in prices, but a clampdown accompanied by violence would knock confidence badly.

Yesterday's fall was triggered by reports that the Chinese army was being moved into Peking to replace local troops who had allegedly refused to restore order, and that Mr Li Peng, the Prime Minister, was warning of greater chaos than had occurred in the 1960s cultural revolution.

This was too much for a market, which had survived the political uncertainty of the past month by reflecting Hong Kong's widespread though nervous optimism that a more liberal and democratic regime might emerge from the unrest. Local investors started a wave of selling which was later picked up by institutions and international funds.

Turnover was HK$2.5bn yesterday from levels of HK$1bn to HK$1.7bn in the past week. The close of 3,277.66 compared with Monday's post-crash peak of 3,309.64 and a record high of 3,949.73 on October 1, 1987.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 18 1989						WEDNESDAY MAY 17 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	135.26	−0.2	123.90	119.02	+0.0	4.70	135.48	124.53	118.99	157.12	128.28	125.09
Austria (19)	116.91	−1.3	107.09	119.97	−1.0	2.15	118.42	108.84	121.19	124.16	92.84	88.45
Belgium (63)	130.35	−0.1	119.41	133.24	+0.1	4.08	130.48	119.93	133.05	137.10	128.52	121.47
Canada (125)	137.43	+0.2	125.89	118.68	+0.2	3.33	137.20	126.10	118.47	137.43	124.67	115.58
Denmark (38)	174.53	−0.8	159.87	182.24	−0.9	1.84	175.99	161.76	183.83	181.03	165.35	126.01
Finland (26)	143.90	−2.3	131.81	132.75	−0.4	1.58	147.29	135.38	133.32	159.16	125.81	132.75
France (130)	114.01	+0.6	104.43	118.92	+0.1	3.16	113.37	104.20	118.84	122.79	112.57	87.48
West Germany (100)	81.13	+0.3	74.31	82.94	−0.1	2.43	80.92	74.37	83.00	90.40	80.92	73.15
Hong Kong (49)	138.92	+1.0	127.26	138.78	+1.1	3.89	137.50	126.38	137.23	140.33	111.80	98.92
Ireland (17)	141.15	−0.1	129.30	147.00	+0.2	2.86	141.30	129.87	146.72	151.36	125.00	123.27
Italy (96)	76.92	−0.2	70.46	82.26	−0.6	2.62	77.10	70.87	82.73	86.86	76.92	70.67
Japan (455)	183.17	−0.2	167.79	160.53	−0.6	0.47	183.54	168.70	161.55	200.11	180.30	172.16
Malaysia (36)	184.10	+0.5	168.64	190.51	+0.4	2.50	183.21	168.39	189.77	184.10	143.35	130.98
Mexico (13)	192.14	+3.0	176.01	516.48	+3.0	0.98	186.47	171.39	501.22	192.14	153.32	144.74
Netherland (42)	113.61	+0.9	104.07	114.90	+0.6	4.49	112.54	103.44	114.23	122.22	110.63	102.61
New Zealand (24)	69.19	−0.7	63.38	61.51	+0.2	5.95	69.68	64.05	61.41	78.02	66.84	77.62
Norway (26)	183.27	+1.0	167.89	177.12	+1.0	1.51	181.46	166.78	175.30	198.39	139.92	116.49
Singapore (26)	160.17	+0.2	146.72	144.96	+0.0	1.87	159.80	146.88	145.00	160.35	124.57	111.29
South Africa (60)	134.05	+0.6	122.79	119.85	−1.3	4.38	133.32	122.54	121.46	144.86	115.35	128.31
Spain (43)	148.39	+0.4	135.93	138.44	+0.4	3.61	147.75	135.81	137.90	156.17	143.14	150.10
Sweden (35)	156.53	+1.0	143.38	153.92	+0.9	2.23	154.94	142.41	152.59	162.00	138.45	121.71
Switzerland (57)	69.63	+0.7	63.79	75.85	+0.3	2.45	69.18	63.58	75.65	79.76	69.18	76.05
United Kingdom (314)	145.99	+1.3	133.74	133.74	+0.9	4.28	144.14	132.48	132.48	153.33	134.53	136.50
USA (558)	129.61	+0.2	118.72	129.61	+0.2	3.45	129.36	118.90	129.36	129.61	112.13	102.92
Europe (1008)	116.10	+0.8	106.35	113.22	+0.5	3.59	115.21	105.90	112.70	121.70	114.02	105.87
Nordic (125)	151.20	+0.0	138.51	145.90	+0.1	1.95	151.18	138.96	145.68	155.61	137.95	114.63
Pacific Basin (679)	179.26	−0.2	164.21	157.60	−0.6	0.69	179.57	165.05	158.50	194.72	176.37	167.46
Euro–Pacific (1687)	154.01	+0.1	141.08	139.90	−0.3	1.58	153.83	141.40	140.26	164.22	152.83	142.82
North America (683)	129.98	+0.2	119.07	128.93	+0.2	3.44	129.74	119.25	128.69	129.98	112.79	103.59
Europe Ex. UK (694)	97.68	+0.3	89.48	100.50	+0.1	3.00	97.36	89.49	100.44	105.29	97.36	86.93
Pacific Ex. Japan (224)	132.24	+0.3	121.13	120.52	+0.4	4.20	131.87	121.21	120.01	137.65	123.48	110.77
World Ex. US (1885)	153.26	+0.1	140.39	139.15	−0.2	1.66	153.07	140.70	139.49	162.77	152.04	141.74
World Ex. UK (2129)	143.57	+0.0	131.51	136.10	−0.2	2.03	143.53	131.92	136.38	146.04	138.06	125.83
World Ex. So. Af. (2383)	143.83	+0.1	131.76	135.97	−0.1	2.23	143.63	132.02	136.10	146.65	138.82	126.75
World Ex. Japan (1988)	125.02	+0.4	114.53	123.18	+0.3	3.53	124.53	114.46	122.83	125.08	114.51	104.97
The World Index (2443)	143.77	+0.1	131.70	135.86	−0.1	2.24	143.56	131.96	136.00	146.51	138.63	128.76

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Latest prices were unavailable for this edition.

Imported inflation fears bait West German bears

Haig Simonian explains why Frankfurt is flagging

TIME is hanging rather heavily on the hands of West German equity sales people at present, especially those dealing with foreign investors.

In spite of a plethora of encouraging corporate news recently, coupled with buoyant earnings forecasts, sentiment has turned firmly against German stocks, especially among many international fund managers in London.

The reasons are not hard to find. The first is the dollar and the second is fear about rising domestic inflation, triggering higher interest rates.

Investors have been unsettled after last month's surprise increase in the discount and Lombard rates and the recent zig-zags in government financial policy. So, as the US currency continued to hover around the DM1.97 barrier this week, talk in Germany has been of renewed interest rate rises to buttress the D-mark and stem the danger of imported inflation.

The decision by the Bundesbank at its regular Council meeting on Thursday not to raise rates again was widely welcomed, but had little impact on the market.

The thinking behind the anxiety about higher interest rates deserves closer attention, as it appears partly to stand earlier reasoning on its head and illustrates the power of sentiment in the market at present.

In the past, a rising dollar was taken as a positive sign for German shares, in view of the large number of strong export-*oriented stocks quoted,* especially in motors, steel and heavy engineering.

Luxury car producers such as Daimler, BMW and Porsche have been punished in the US in the past two years by a string of currency-dependent price rises, which have cut sales and increased their vulnerability to domestic manufacturers and the Japanese.

In addition, the recent strength of the dollar, coupled with clear signs that the US trade deficit is going down, will take the sting out of any dangers of a protectionist backlash or punitive action against foreign imports.

A tonic for the German market? Hardly. The danger of imported inflation, which could push Germany's annual rate of price rises beyond the Bundesbank's 3 per cent forecast this year, and the likelihood of further rises in German interest rates have dominated attention, especially *among foreign investors.*

"The market is now concentrating on the bearish side," says Mr Rüdiger Braun, who looks after German equities at MAT Main Anlage Trust in Frankfurt.

"We're telling customers to be underweight in Germany at present," says Mr Hans-Peter Wodniok, head of research at James Capel in Frankfurt. "The rise of the dollar and risk of higher interest rates have brought uncertainty to the market, outweighing some excellent recent corporate results."

But while united on the depressed immediate outlook, not all analysts are convinced about the strong link between the rising dollar and imported inflation which is taken to lie at the heart of the argument over rising interest rates. "The main factor behind inflation has tended to be domestic loan demand," argues Mr Braun.

Demand for credit grew strongly last year as companies built up their inventories in line with the country's much stronger-than-expected economic growth. Mr Braun reckons there are signs that the demand for credit is starting to peak.

Whatever the economic arguments behind the danger of rising interest rates, the poor image of German monetary and fiscal policy has had a hand in the decision by many investors to steer clear of German shares.

After springing one surprise interest rate rise, investors are anxious that the Bundesbank could produce another. That danger is seen as acute in view of the fact that the April increase did not boost the D-Mark.

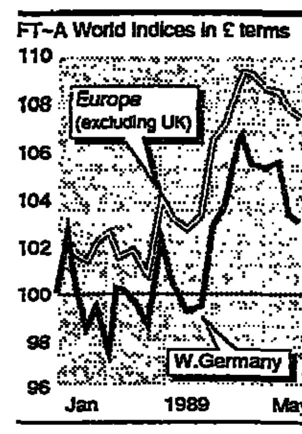
Few analysts can find words to describe the Government's present financial course, notably the U-turn on withholding tax. "There is a lack of confidence in the Bonn Government," notes Mr Wodniok.

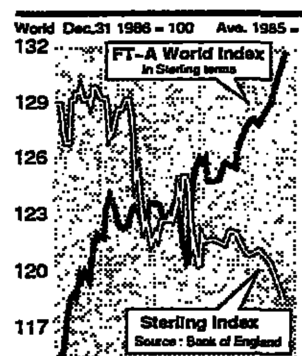
The pessimistic mood comes in the face of a string of highly encouraging corporate results.

Uncertainties in the market, however, have been reflected in the shift of interest among many foreign investors away from key sectors such as motors, banks and insurance *towards areas such as retailing* and building stocks.

The result of such factors has been to leave the market singularly cool about developments such as Thursday's surprise announcement by Veba that it is buying a 46 per cent stake in Feldmühle Nobel for more than DM1bn.

The Flick brothers' skill in quietly assembling the large stake in Felmühle which it sold to Veba may herald a more entrepreneurial trend on the German bourse, but analysts were left unimpressed – both by the industrial logic of the deal for Veba and by the rights issue that is to go with it.





LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks
No. of bargains included 9

London County 2½% Cons Stk 1920(or after) - £22 (16My89)
Greater London Council 6¾% Stk 90/92 - £97½ ¼
Birmingham Corp 2½% Stk 1926(or after) - £20 (17My89)
Birmingham District Council 11½% Red Stk 2012 - £106½♦
Bristol(City of) 11½% Red Stk 2008 - £106 (16My89)

10¾% Deb Stk 2016 (Fp/AL-26/5/89) - £100¼
4½% Uns Ln Stk 92/97 - £65
7¾% Uns Ln Stk 92/97 - £85
Bass Investments PLC 7¾% Uns Ln Stk 92/97 - £83 4 (16My89)
Bulmer(H.P.)Hldgs PLC 9¾% Cum Prf £1 - 101½ (17My89)
8¾% 2nd Cum Prf £1 - 101½ (17My89)
Everards Brewery Ld 5% Cum Prf £1 - 60 (12My89)
"A" Ord 5p - 300 (17My89)
8% Cum Prf £1 - 98♦
10% Deb Stk 2014 - £95½ (16My89)
8¼% Irrd Uns Ln Stk - £70 (12My89)

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Insurance

Investment Trusts

Plantations

Shipping

Utilities

Water Works

USM Appendix

Red Prf 5p - 95 (16My89)
Green (John) & Son PLC Ord 10p - 118
Guidehouse Group PLC 8.5p (Net) Cnv Cum Red Prf 2006 50p - £1.02
Heavitree Brewery PLC Ord 25p - £10.6 £ 10.7 (15My89)
"A" Lim Vtg Ord 25p - £10.3 £ 10.4 (15My89)
Ibex Holdings PLC Ord 10p - 174 7
Kunick PLC 7p (Net) Cnv Cum Red Prf 5p - 135
Memory Computer PLC 7.8% Cnv Cum Red Prf 94/98 Ir£1 - 190
Porth Group PLC Ord 5p - 107
Quarto Group Inc Shs of Com Stk $0.10 (Rest. Transfer) - 188 9 (17My89)
Quilgotti PLC Ord 5p - 66
Randsworth Trust PLC 7% Cum Cnv Red Prf £1 - 110 1
Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 106 7 (16My89)
SelecTV PLC Ord 1p - 16½♦
Thorpac Group PLC 8p Cnv Red Ptg Prf 2001/05 50p - 100
Total Systems PLC Ord 5p - 48 (17My89)
Vistec Group PLC Ord 1p - 27 8 9
8.5% (Net) Cnv Cum Red Prf £1 - 146 (16My89)
Xtra-Vision PLC Ord Ir£0.05 - I£0.8
New Ord Ir£0.05 (Fp/LA-26/5/89) - I£0.8 p 73
Yelverton Investments PLC 8% Cnv Uns Ln Stk 1997 - £83 (16My89)
York Trust Group PLC Red Cum Cnv Prf 20p - 88

The Third Market Appendix
No. of bargains included 340

Beckenham Group PLC Warrants to sub for Ord - 39 (12My89)
Edinburgh-Hibernian PLC Ord 2p - 58
Kromagraphic PLC Ord 5p - 19
Warrants to sub for Ord of 5p - 7
Malaya Group PLC Ord 10p - 48 (16My89)
Medirace PLC Warrants to sub for Ord - 173 4 5 7‡ 8 9½‡ 80 2 3‡
Poddington PLC Ord 5p - 81½ 2 ½ 3 3‡ ½‡ 4

Rule 535(2)
No. of bargains included 41

African Gold PLC Ord 1p - £0.1 0.105 (16My89)
Albion Investment Co(Alderney)Ld Ord 25p - £2.175 (15My89)
Ann Street Breweries Co Ld Ord £1 - £10.3
Barrington Management(CI)International Income - £1.89
Berwick Group PLC Ord 5p - £0.36 0.37 (17My89)
Carraun PLC Ord 10p - £0.7 0.88 (16My89)

-£0.7 (17My89)
Thwaites(Daniel)& Co PLC Ord 25p - £2.35375 (12My89)
Transatlantic Hldgs PLC Ptd Ord 50p - £3.1♦
Weetabix Ld "A" Non.V Ord 25p - £5.4♦
Yates Bros Wine Lodges PLC Ord 25p - £2½ (16My89)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aberdale Cables Africa £1.75
Ampol Exploration A$1.8446 (17/5)
Aust. Foundation Inv 63, 5 (17/5)
Boral Ord. Stk. £1.62, A$3.6
City Developments S$4.38251, .31102, 19
Cons. Exploration 5 (15/5)
Cons. Gold Mining Areas 3.5 ♦
Cultus Resources 18 (15/5)
Digicon Inc 0.028 ♦
Great Victoria Gold 5.5 (17/5)
Highveld Steel & Vanadium $4.5, .54♦ (15/5)
Hollinger Inc. £7.15 (12/5)
Hunter Resources A$0.1425 (17/5)
Jardine Matheson Finance Warrants 42 (12/5)
Kern Corp 78 ♦ (16/5)
Killinghall Tin (Malaysia) Berhad Ord M$3.502 (16/5)
Kulim Malaysia Ord 34 (15/5)
Kulim Malaysia Ord (Malay Reg) 34 (17/5)
Magellan Petroleum Aust. £1.04 (16/5)
Malaysian Airline System M$7.9285 (16/5)
Malaysian Plantations 67 ♦
Mogul Mining A$0.16 (17/5)
Mount Carrington Mines 48 (16/5)
National Electronics (Consolidated) HK$0.99934 (17/5)
New Zealand Goldfields NZ$0.08 (12/5)
Niugini Mining £1.935
Noranda Inc. £11.2 (12/5)
North Flinders Mines 80
Oil Search 33, 4
Overseas Chinese Banking Corp S$10.2561, .27915 ♦
Quaker State £10.25 (16/5)
Regal Hotels (Hldgs) 12, 5, A$2.52341 (16/5)
Samantha Exploration 45.5 ♦ (15/5)
Seagull Energy Corp £11.5 (16/5)
Selangor Coconuts 47 ♦ (16/5)
Selangor Properties S$1.8078 (17/5)
Singapore Land S$11.96383, 12.0113, 1
Southwest Gold mines 1.5, A$0.031 (17/5)
Target Resources 17 ♦ (16/5)
Westfield Minerals C$1.4, .45 ♦, 68 (12/5)
Winsor Industrial Gp HK$10.75861

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LONDON STOCK EXCHANGE

Equities close above FT-SE 2,200

IN A further display of confidence the UK stock market rose sharply in heavy trading yesterday, closing above the FT-SE 2,200 mark for the first time since October 1987, despite bad news on domestic inflation which inevitably revived worries over UK base rates.

Something akin to a buying panic developed when the FT-SE Index challenged the 2,200 mark as the market moved into the new equity market Account. Market makers have become very short of stock as equities turned ahead this week, while fund managers, often still under-weighted in equities, feared missing out on the market rise, as indeed many of them did when the market swung higher in January.

Account Dealing Dates			
First Dealings:	May 8	May 22	Jun 5
Option Declarations:	May 18	Jun 1	Jun 15
Last Dealings:	May 19	Jun 2	Jun 16
Account Day:	May 30	Jun 12	Jun 26

*New time dealings may take place from 9.00 am two business days earlier

The market stepped off on the wrong foot yesterday after the rise in the underlying rate of domestic inflation to 8 per cent had been accurately predicted overnight. Share prices opened quietly firmer, with some houses taking the view that the Footsie Index would stay short of the 2,200 mark.

Nevertheless, when the inflation number was confirmed, the market consolidated its gains. Comment on the RPI details from City analysts were almost universally bearish, with several houses, including Prudential Bache, upgrading forecasts for domestic inflation to a peak of 8.5 per cent this year and a level of 6.5 per cent at the year end.

Nervousness over UK base rates in the run up to the April trade figures, due next Thursday, revived, with more UK houses prepared to hint that 14 per cent base rates may still be on the cards.

However, the final buying fling saw traders apparently throwing caution to the winds, and many fund managers were drawn into the maelstrom, despite their own misgivings. Although prices boiled over briefly, the market revived to pound ahead until the close of trading.

The final reading showed the FT-SE Index at 2,204.7, a gain on the day of 27.4 points. Seaq volume jumped to 856.8m shares from Thursday's 539.9m.

London's equities have risen sharply over the past three trading sessions as the Bundesbank's decision to hold interest rates unchanged, together with improvement in the US trade figures and also data on UK wages and unemployment, have soothed fears that the dollar's strength might force interest rates higher in Europe. Some strategists believe that despite yesterday's data, UK inflation is now near its peak and that the stock market is beginning to foreshadow better news later this year.

The two week trading Account has seen a rise of 71.9 points, or 3.37 per cent, in the FT-SE Index, which has moved to successive post-Crash highs, and may now fix its eyes on 2,301.9, the closing level on the eve of the October 1987 Crash.

Japanese favour Ladbroke

Hotels group Ladbroke enjoyed a substantial double-figure rise for the second day running as the shares closed 18½ firmer at 624½p on turnover of 6.4m. Although there has been speculation in the market that Ladbroke might sell its diy operation Texas Homecare, the stock has drawn its real strength from the consistent demand emanating from Japan.

Analysts were united in rubbishing the Texas sale rumours, highlighting instead the fundamental attractions of the group. It appears that UK institutions have been reluctant to take on more Ladbroke stock because they believe the price has little upside after the recent rises. In contrast, foreign institutions are more awake to the fact that the stock remains undervalued, say analysts. "There's a recognition from abroad that Ladbroke is very cheap," commented Mr Ron Littleboy of Nomura Research.

Another researcher of the stock, Mr Paul Slattery of Kleinwort Benson, noted in his latest monthly review of the hotels business that current exchange rates are benefiting the UK tourist industry, that there is strong rooms usage growth in the provinces, and that the English Tourist Board expects a sizeable increase this year in the number of domestic consumers taking holidays in the UK. These factors make a strong case for favouring the hotels sector as a whole, and Ladbroke in particular, says Mr Slattery.

Anglo/US alliance

The efforts of Boase Massimi Pollitt (BMP) to avoid the clutches of French group BDDP seemed bound for success after Omnicom, the fourth largest US agency, stepped in as a friendly bidder. For the past fortnight the market has speculated that the US house might prove to be the white knight. Omnicom's terms of 365p cash per BMP share, with a loan stock alternative, are recommended by the board of the UK company and compare with BDDP's recently increased bid of 345p cash.

A scramble ensued for BMP shares as Omnicom acquired a stake of 7¾ per cent (2.5m shares) with most of the business being done by BZW. When the price settled at 366p, up 23, volume had reached 4.3m shares. Few buyers were prepared to pay more than 365p, indicating that Omnicom may have delivered a knockout blow, nothwithstanding BDDP's defiant statement: "We have a thousand options on the table and we are considering all of them."

Moreover, the market doubted the ability of BDDP to finance any counterbid above Omnicom's terms. "It is more likely to take the nice profit on its 15.2 per cent stake, said a marketmaker.

Premature figures

Plessey attracted the lowest turnover of the front-line electronics stocks – only around 3.4m shares changed hands – but there was considerable speculation aroused by news that the company has brought forward its preliminary figures to Monday. The results were originally expected around mid-June. Plessey shares closed 2 better at 266p.

The range of City forecasts is from £187m to £210m, compared with last year's £172m. Dealers and analysts talked of the likely level at which GEC and its partner, West Germany's Siemens, would renew their bid interest, given agreement between the two companies and the Ministry of Defence over the pre-conditions for the bid to proceed.

The majority of analysts are looking for the bid to be renewed at a price of around 265p a share and say that earlier hopes of a price approaching 300p are wide of the mark.

GEC attracted lively two-way business with 6.2m traded and the shares finally a fraction ahead at 250p.

Lonrho shares firmed immediately after announcement of the half-yearly profits only to slip back as the market took a second, closer look at the figures. After stripping out the exceptional items, a leading analyst described the profits as "pretty pedestrian" and proceeded to shave his full-year estimate. The only redeeming feature, he said, was the increase in the dividend to a level which few expected, and this should give the stock yield support. Lonrho shares closed 3 better at 285p, after 289p.

Blue Arrow suffered from the disclosure that a further provision of £17.8m had been set up in connection with the loan made to Chainrock. The circular listing the awaited details of the Canvey Island affair triggered fresh selling of the shares, which ended down 2 at 98½p after turnover of 7.4m. But researchers gave the company credit for bringing the bad news into the open and trying to be as clean as possible.

Many dollar-earning and other Alpha stocks performed brilliantly with British Aerospace soaring 22 to 669p and Trafalgar House rising 12 to 396p. NFC, which reported extremely good interim figures on Wednesday, charged ahead 16 to 264p while Granada jumped 10 to 360p. Siebe rose 22 to 522p on heavy buying from Kleinwort Benson but the day's most active stock was easily British Steel, 2½ higher at 92p after volume of 25m shares. Continuing speculation over the share stakes held by ADT, Mr Holmes à Court and the Wallenberg family raised Christies International 63 more to 1105p.

A large seller of Lloyds kept the banks' shares under pressure for much of the day before a late run left them 2 harder at 355p on turnover of 5m shares.

Action in the insurance sector was generally confined to the sector liners and especially to London United which suddenly slumped to around the 45p mark around midday on a flurry of selling pressure. There was a momentary backwardation in the stock which later picked up to close a net 10 off at 55p.

Brewers were cheered by hopes of a compromise over the MMC restructuring recommendations, with once again Bass and Allied Lyons to the fore, up 21 at 978p and 14 at 471p respectively. Whitbread, where some brokers are recommending investors to sell the stock, improved only 3 to 363p. Scottish & Newcastle continued to rise – up 9 at 317p - on hopes that Australian group Elders IXL will soon sell part of its 23.6 per cent stake to a possible bidder.

Shares at the heavy end of the building sector spiralled upwards in the wake of the Goverment's White Paper on expenditure on roads which at £12bn was said to have exceeded the most optimistic estimates.

A shortage of stock became more acute as the session wore on and triggered the latest steep gains in share prices, although these came off their best levels at the very end of the day. Nevertheless RMC displayed a 31 leap to 810p, Redland jumped 23 to 630p, Blue Circle raced up 22 to 604p, Costain advanced 23 to 369p and John Mowlem added 17 at 471p. Other good gains included Tarmac, where turnover of 8.4m was the biggest in the sector, with the shares closing 21 up at 356p.

The plant hire companies maintained their recent strength with Vibroplant 37 higher at 247p ahead of Tuesaday's figures. Hewden-Stuart, still boosted by the bullish statement at the agm, jumped 10 to 167p. British Dredging, buoyed by recent news of the property revaluation shot up 6 more to 190p.

Chemical shares attracted big buying across the board with Caird Group settling 30 ahead at 510p, a massive 66 up on the week. The week-long upsurge in Rechem was halted by a bout of profit-taking which lowered ther share price 28 to 665p.

Demand for Stores was heavy throughout the day. "New-time" buying helped Marks & Spencer add 6 at 198p on turnover just short of 7m shares, Burton climb 7 to 239p and Sears add 3¼ at 127p as nearly 5m shares changed hands.

Next were also a firm market, rising 6 to 158p following the sale of its Dillons and Preedy chain of newsagents to T&S Stores for £54m. T&S is raising the bulk of the money via a rights issue, and the shares, currently suspended at 143pm, will resume trading on June 6.

The electronics arena included the market's biggest concentration of turnover stocks – with activity in excess of 10m shares apiece common to British Telecom, Cable & Wireless and Racal Electronic, as well as 6.3m in STC and the same amount in Ferranti. Racal Electronic's turnover topped 12m and the shares, among the market's outstanding performers for many weeks, leapt 14 to a year's best of 520p.

Dealers noted plenty of traded options business in Electronics as well as renewed and vigorous demand for the ADRs. Racal Telecom, again in much thinner business totalling less than ½m shares, climbed 19 more to a record 467p. Cable & Wireless, the market's star performer on Thursday, took more of a backseat as profit-taking saw the share price stall and close a couple of pennies off at 578p – but over the week they showed a gain of 48p. British Telecom restrained by some hefty selling and switching ahead of the June 1 figures, were a shade off at 276p.

Stories of imminent joint ventures concerning STC, with particular emphasis of the ICL subsidiary, refused to lie down and STC shares, up 18 on Thursday, jumped another 19

Engineers closed markedly firmer, with Rolls-Royce up 8 at 197½p on turnover of 10m shares and Hawker Siddeley 20 higher at 753p; both were aided by the strong dollar. Vickers rose 16 to 214p on press reports that the company is planning a major reorganisation of its core businesses.

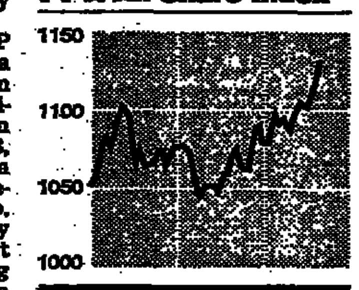
In the eyes of the market the leading Food manufacturers are well and truly in play as bid targets. Takeover speculation surrounded: United Biscuits, up 17½ at 368p on vague talk that Swiss group Jacobs Suchard was building a stake; Unigate, up 14 to 380p on hopes of a bid from Mr Larry Goodman, the Irishman with 8 per cent; and Dalgety, a massive 22 higher at 386p as dealers await news of more buying by Mr Robert Holmes á Court, the Australian entrepreneur who has built up a 5.3 per cent holding.

There was also nothing stopping Ranks Hovis McDougall, a further 14 better at 448p following Thursday's news that Sir James Goldsmith, Mr Jacob Rothschild and Mr Kerry Packer had bought nearly 30 per cent of the company.

Courtaulds had another outstanding day, gaining 8 to 344p in volume of 3.8m shares. Sterling/dollar considerations continued to be the main stimulant, although some investors were hoping the group would report profits higher than the market range of £190m to £200m next Wednesday.

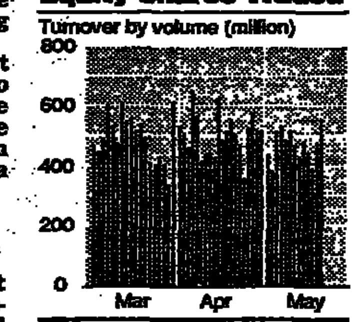
■ Other market statistics, including FT-Actuaries Share Index, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	May 19	May 18	May 17	May 16	May 15	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.70	86.70	86.60	86.74	86.83	90.12	89.29 (8/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.31	97.03	97.34	97.35	97.44	98.38	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1837.5	1810.1	1782.2	1776.2	1787.2	1415.2	1837.5 (19/5)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	168.8	175.0	179.4	176.3	177.8	203.1	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	May 19	May 18	May 17	May 16	May 15	Year Ago
Ord. Di. Yield	4.29	4.37	4.41	4.45	4.39	4.63
Earning Yld %(full)	10.44	10.63	10.74	10.84	10.74	12.01
P/E Ratio(Net)(☆)	11.55	11.35	11.28	11.13	11.23	10.20
SEAQ Bargains(5pm)	43,470	32,161	28,528	27,649	29,764	29,713
Equity Turnover(£m)†	-	1551.76	1342.01	1094.20	1204.85	1276.24
Equity Bargains†	-	35,833	31,345	31,938	32,488	30,862
Shares Traded (ml)†	-	651.2	479.1	394.7	445.5	455.1

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1812.2	1821.1	1821.8	1819.9	1825.0	1828.6	1831.3	1832.6

DAY'S HIGH 1837.5 DAY'S LOW 1811.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.45 †Excluding intra-market business.

S.E. ACTIVITY

Indices	May 18	May 17
Gilt Edged Bargains	102.8	111.0
Equity Bargains	228.9	203.1
Equity Value	3136.5	2712.6
5–Day average		
Gilt Edged Bargains	104.3	99.5
Equity Bargains	208.8	193.0
Equity Value	2800.5	2448.5

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	4,200	174½	+2½	Cookson	2,400	347½	+13½	Laporte	2,900	457	+15	Royal Bk of Scotland	421	391	-2
Allied-Lyons	3,700	471	+14	Courtaulds	3,800	344	+8	Legal & General	328	326	+2	Royal Insurance	1,700	412	-3
Amstrad	3,100	108	-1	Dalgety	2,900	386	+22	Lloyds Bank	5,000	355	+2	STC	6,300	379	+19
Argyll Group	4,150	206	+7	Dixons	5,100	139½	+3½	LASMO	1,200	449	-3	Saatchi & Saatchi	963	310	
Ass. Brit. Foods	62	354	+1	Eng. China Clays	2,200	498	+1	Lonrho	4,000	285	+3	Sainsbury	1,900	242	+2
BAA	3,000	350	+2	Enterprise Oil	226	571	+4	Lucas	378	648	+3	Scott & Newcastle	2,400	317	+9
BAT Inds.	1,900	565	+3	FKI Babcock	938	167	+1	MB Group	2,500	210	+4	Sears	4,750	127	+3½
BET	802	292	+3	Fisons	1,500	307		MEPC	486	595	+5	Shell Transport	4,200	486	+2
BICC	789	528	+13	Gateway Corp.	4,700	194	+1	Marks & Spencer	6,800	198	+6	Siebe	539	522	+22
BOC	1,400	514	+10	General Accident	309	981	+12	Maxwell Comm.	1,300	199	-1	Slough Ests	327	374	-2
BPB Inds.	3,800	239	+1	General Elect.	6,700	250	+1	Midland Bank	2,300	345	+10	Smith & Nephew	3,100	140	
BTR	1,700	401	+4	Glaxo	2,875	1437	+37	Nat. West. Bank	1,986	625	+3	Smiths Industries	1,700	330½	+7½
Barclays	2,200	496	+6	Globe Inv.	560	182½	+1	Next	3,800	158	+6	Standard Chartered	957	548	+5
Bass	2,900	978	+21	Glynwed Int.	796	324	+5	Northern Foods	588	317	+9	Storehouse	2,400	177	+2
Beecham	5,900	648	+20½	Granada	1,750	360	+10	Pearl	432	410		Sun Alliance	600	1163	-10
Blue Circle	3,300	604	+22	Grand Met.	10,000	562	+7	Pearson	929	724	+5	T&N	901	226	+9
Boots	5,100	307	+5	GUS A	217	1099	+14	P & O	704	707	+12	TSB	2,000	111	
Brit. & Comm.	3,000	207	-3	GRE	1,800	215	-1	Pilkington	7,022	250	+7	Tarmac	8,400	356	+21
Brit. Aerospace	2,700	669	+22	GKN	1,900	409	+9	Plessey	3,400	266	+2	Tate & Lyle	1,500	265	+3
British Airways	3,100	210	+2	Guinness	3,900	492	+5	Polly Peck Intl.	2,542	309	+8	Taylor Woodrow	357	670	+19
British Gas	14,000	183½	+1	Hammerson 'A'	218	804	+1	Prudential	1,200	186½	+1½	Tesco	1,200	186½	+5½
British Land	260	389	+2	Hanson	8,500	200½	+1	RHM	5,300	450	+14	THORN EMI	942	732	+12
BP	5,900	288½	+1½	Harrisons & Cros.	2,200	182	+4	RMC	1,000	810	+31	Trafalgar House	3,700	396	+12
British Steel	25,000	92	+2½	Hawker Siddeley	1,000	753	+20	RTZ	1,900	529	+3	Trusthouse Forte	3,900	323	+3
British Telecom	19,000	276	-1	Hillsdown Hldgs	4,800	293	+12	Racal	11,750	520	+14	Ultramar	3,600	330½	+7
Burmah Oil	397	617	+4½	IMI	553	259½	+3½	Rank Org.	514	986	+19	Unilever	1,200	563	+3
Burton	3,600	239	+7	Imp. Chem.	1,600	1270	+15	Reckitt & Colman	720	1399	+35	United Biscuits	4,600	363	+17½
Cable & Wireless	10,000	578	-2	Inchcape	1,800	288	+1	Redland	2,700	630	+23	Utd. Newspapers	688	437	
Cadbury Schweppes	4,400	376	+12½	Jaguar	4,300	324	+11	Reed International	2,700	403	+4	Wellcome	1,700	464	-2
Carlton Comms.	533	861	+7	Kingfisher	1,800	326	+3	Reuters	895	821	-2	Whitbread 'A'	2,000	364	+3
Commercial Union	678	385	+½	Ladbroke	5,300	627½	+18	Rolls Royce	10,000	197½	+8	Williams Hldgs.	637	277	+4
Cons. Gold Fields	1,600	1253	+15	Land Securities	1,200	593	+4	Rothmans	665	538	+6	Wimpey	7,500	295	+15

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (291).

BRITISH FUNDS (6) AMERICANS (23) CANADIANS (10) BREWERS (4) BUILDINGS (39) CHEMICALS (18) STORES (9) ELECTRICALS (20) ENGINEERING (16) FOODS (15) HOTELS (1) Ladbroke, INDUSTRIALS (53) Alexandra W'kwear, Avis Europe, BBA, B.H. Prop., BTR, Do. Wrnts., Bardon Grp., Barratt (H.), Barry Wehmiller, Beecham, Boots, Brit. Aerospace, Brit. Steel, CH Inds., Caparo Spc Pl, Christies Intl., Clayhithe, Computer People, Cookson, Cooper (Alan), Dean & Bowes, Dyson (J. & J.), French (Thos.), Glaxo, Grampian Hldgs., Harding Grp., Hawthorn Leslie, Hay (Norman), High-Point, Hornby Grp., Hughes (H.T.), Hunting Assoc., Huntleigh Tech., Johnston Grp., Laidlaw Thomson, Macfarlane Grp., Nobo Grp., Nu-Swift, Parkfield Grp., Reckitt & Colman, Reuters, Rotle & Nolan, Securicor "A" NV, Security Servs., Security Archives, Shanks & McEwan, Siebe, Stm. Bus. Grp., T & N, Tech. Project Serv., Waterman Partnership, Wilkes (J.J.), Wyndham Grp., INSURANCE (2) Dom. & Gen. Corp., Lincoln Nat. Corp., LEISURE (9) MOTORS (1) Quicks Grp., NEWSPAPERS (5) PAPERS (5) PROPERTY (8) SHIPPING (4) SHOES (1) Headlam Sims, TOBACCOS (1) Rothmans, TRUSTS (43) OILS (5) OVERSEAS TRADERS (1) Inchape, MINES (1) Kenmare, THIRD MARKET (5).

NEW LOWS (47).

CANADIANS (3) BANKS (1) Hambros, BUILDINGS (3) CHEMICALS (1) Coates Bros., STORES (6) ELECTRICALS (6) ENGINEERING (1) Airship Inds., INDUSTRIALS (5) Aaronson Bros., Betacom, MY Hldgs., Mainmet Hldgs., Relyon, INSURANCE (1) London Utd., LEISURE (1) Harimex, NEWSPAPERS (1) Southnews, PROPERTY (2) TEXTILES (1) Jerome Hldgs., TRUSTS (7) Triplevest Inc., OILS (2) Claremont (UK), Marinex, MINES (8) THIRD MARKET (1) Feltrim Mining.

RISES AND FALLS/THURSDAY

	Rises	Falls	Same
British Funds	90	8	9
Corporations, Dominion and Foreign Bonds	22	0	21
Industrials	515	273	789
Financial and Properties	196	105	355
Oils	41	11	45
Plantations	4	1	7
Mines	39	51	87
Others	129	30	98
Totals	1,036	479	1,411

This corrects figures published in yesterday's edition.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	21	59	27	147	287	101
Corps. Dom. & Foreign Bonds	10	0	33	43	20	152
Industrials	603	270	704	2,495	1,453	3,937
Financial and Props	194	128	334	1,031	593	1,656
Oils	29	21	47	161	103	221
Plantations	0	0	12	12	5	43
Mines	25	63	89	210	249	426
Others	74	72	107	540	255	485
Totals	956	613	1,353	4,639	2,965	7,021

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday May 18 1989

Agencies	+ 35.49	Consumer Group	+ 20.41
Transport	+ 32.28	Stores	+ 20.04
Building Materials	+ 31.46	Brewers and Distillers	+ 19.43
Electronics	+ 27.95	Oil & Gas	+ 18.17
Mechanical Engineering	+ 27.89	Telephone Networks	+ 17.16
Health & Household Products	+ 27.39	Textiles	+ 16.76
Investment Trusts	+ 27.07	Contracting,Construction	+ 15.58
Conglomerates	+ 27.02	Food Manufacturing	+ 15.55
Capital Goods	+ 26.24	Insurance(Life)	+ 14.65
Other Industrial Materials	+ 25.72	Banks	+ 13.88
Electricals	+ 25.24	Insurance(Composite)	+ 13.09
Other Groups	+ 24.59	Mining Finance	+ 12.63
Motors	+ 24.54	Financial Group	+ 12.14
Leisure	+ 24.48	Property	+ 10.74
Food Retailing	+ 24.07	Publishing & Printing	+ 10.54
Industrial Group	+ 23.18	Insurance(Brokers)	+ 9.73
Chemicals	+ 23.07	Packaging & Paper	+ 9.62
500 Share Index	+ 22.48	Overseas Traders	+ 9.39
Metals & Metal Forming	+ 21.96	Gold Mines Index	+ 7.49
All Share Index	+ 20.69	Merchant Banks	+ 3.40

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	106-25	-2/32	11.00	10.94	11.02
	9.750	1/98	97-02	+1/32	10.27	10.23	10.25
	9.000	10/08	97-16	-2/32	9.28	9.25	9.30
US TREASURY *	8.875	2/99	100-16	+3/32	8.75	8.85	9.08
	8.875	2/19	101-22	+22/32	8.71	8.85	8.96
JAPAN No 111	4.600	6/98	95.3566	+0.148	5.36	5.36	5.22
No 2	5.700	3/07	105.6021	+0.196	5.08	5.06	5.02
GERMANY	6.375	11/98	95.2000	+0.050	7.07	7.00	6.85
FRANCE BTAN	8.000	1/94	96.5220	+0.184	8.92	8.93	8.93
OAT	8.125	5/99	95.5750	+0.350	8.80	8.83	8.70
CANADA *	10.250	12/98	103.0000	+0.750	9.76	9.84	10.20
NETHERLANDS	6.7500	10/98	95.5250	+0.325	7.42	7.35	7.05
AUSTRALIA	12.000	7/99	91.2214	-0.199	13.60	13.37	13.55

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decima[l]

Technical Data/ATLAS Price Source:

COMMODITIES

WEEK IN THE MARKETS

Lead shines among dull metals

LONDON'S COMMODITY scene had an unfamiliar look about it this week with lead outshining the other base metals and coffee turning in the strongest performance among the "softs".

Lead had been the Cinderella market of the London Metal Exchange as other metals took turns in the limelight over recent months. While copper, zinc, nickel and, to a lesser extent, aluminium all enjoyed their moments of glory, lead had stayed shyly on the sidelines with the cash price remaining below the £400 a tonne level reached briefly in mid-December.

One reason for that was the generally mild winter, which meant that demand for replacement batteries was unusually low. But analysts are now pointing out that a low level of battery replacements also means a reduction in so-called "secondary" supplies of lead, reclaimed from discarded batteries.

At the same time guerrilla activity in the Andean region of Peru is seen as a potential threat to primary lead supplies.

The net result has been a rise on the week of £15 to a 19-month high of £412 a tonne in the LME cash lead price. That completed a four-week run of weekly rises, amounting in all to a gain of £45.50 a tonne.

At the other end of the scale LME nickel prices continued to lose ground. A $250 fall yesterday left cash nickel $1,250 down on the week at $13,000 a tonne as demand for the metal remained conspicuous by its absence and dealers began to take more account of the fact that, even at current reduced levels, nickel prices are nearly double average production costs.

Physical demand for the metal in the second quarter of 1989 has been less than some analysts had been predicting, while there has been little sign of producer support buying.

Copper began on an equally weak note, with the LME's cash quotation losing £77.50 a tonne in the first two days of the week. Sterling's decline against the dollar helped to buoy the market later, but after falling £26.50 yesterday cash metal still ended £57.50 down on balance at £1,642.50 a tonne.

Even Wednesday's news of a production halt at Bougainville, the biggest copper mine in Papua New Guinea, failed to bring a positive response from a market which has seen stock levels rising inexorably. At 135,050 tonnes LME warehouse stocks are now at the highest level for two years and double the level at which they started 1989.

For aluminium, a series of relatively modest falls added up to a $185 decline on the week at $2,290 a tonne, while the cash zinc prices see-sawed in a narrow range before ending $25 up on balance at $1,665 a tonne.

The dollar strength which steadied the copper market had the opposite effect on London's dollar-denominated precious metals. Gold fell to a 33-month low of $365.75 a troy ounce, down $11.50 on the week, while platinum slumped $11.25 to go below the $500 an ounce mark for the first time since last September.

"Platinum is horrendously oversold," commented Ms Rhona O'Connell, an analyst with Shearson Lehman Hutton. "It is a screaming 'buy' at these levels."

Ironically this week's slide in platinum coincided with Johnson Matthey's annual review of the market, in which it forecast that the metal would trade mainly between $500 and $600 an ounce this year. The report suggests that demand for the metal in 1989 will exceed supply for the fifth consecutive year and that the deficit will continue for the next two or three years.

The London coffee futures market continued in the grip of the supply squeeze fears which drove prices up sharply last week. The prompt May position, which began the month at £1,162 a tonne, reached £1,512 a tonne in mid week before easing back to end £64 up on balance at £1,399 a tonne. But July coffee, the second position, was still going strong, reaching a 4-month high of £1,252 a tonne yesterday morning before closing £74 up on the week at £1,229 a tonne.

Dealers said physical activity was slack with roasters being put off by the large premiums demanded for nearby supplies.

In contrast cocoa spent most of the week defying forecasts that it was set to fall through £700 a tonne (in the second position) on the way to £650 or below. After hovering for several days just above that level it staged what dealers described as a technical rally yesterday and ended £19 up on the week at £736 a tonne.

Reports of unseasonably dry weather in the Ivory Coast, the world's leading cocoa producer, were reported to have encouraged the rise.

Richard Mooney

APPOINTMENTS

J. Walter Thompson managing director

■ J. WALTER THOMPSON has appointed Mr Chris Jones as managing director of J. Walter Thompson, London. He succeeds Mr Miles Colebrook who has already moved into the European sector as joint regional president, Europe. Mr Jones was appointed as deputy managing director in September 1988 having joined JWT London five years ago after seven years with Saatchi and Saatchi.

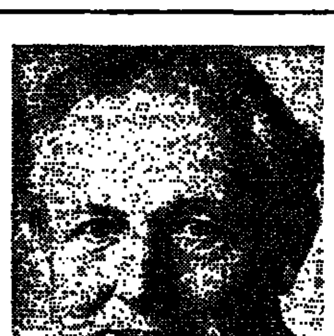
■ Mr John W. Marsh has been appointed managing director of Cap Gemini Sogeti's UK subsidiary, CGS (UK). He was sales director at Control Data.

■ BP OIL has appointed Mr Peter Sutherland as a director. He is chairman-designate of Allied Irish Bank and a director of GPA.

■ Y.J. LOVELL (HOLDINGS) has appointed Mr David Hollywood as managing director of LPH Equipment, the plant hire division. He succeeds Mr Ron Chatwin who will be retiring early next year.

■ Mr Chris Simpson has been appointed managing director of ABBEY CORRUGATED, part of David S. Smith (Holdings) Group. He was previously general operations director of Elopak.

■ On June 1 Mr John Parkin relinquishes the managing directorship of F. PARKIN & SONS. He will remain chairman. Mr Alan Beevor, the finance director, will become managing director. Mr Nick Parkin and Mr Hugh Parkin have both become non-executive directors.



At the annual meeting of CRODA INTERNATIONAL Mr J.M. Cannon announced that he would be retiring as chairman and as a director at the end of July. Mr M.R. Valentine (above) is to succeed him as chairman. Mr Valentine has been associated with Croda for over 20 years. As a merchant banker he advised Croda on all its major acquisitions and on the defence against the takeover bid by Burmah in 1982. He joined the Croda board in 1984 as a non-executive director.

■ Following the acquisition of TOUCHE REMANT by Societe Generale, the following board appointments have been made. At Touche Remnant Holdings, Mr J.P. Gentil, a director at Societe Generale, has joined the board as a non-executive director. Mr J.C. Sorell has become a non-executive director of Touche Remnant & Co. Mr F.P.L. Bedwell and Mr P.J. Bushnellhave been appointed directors at Touche Remnant Investment Management. Mr D.A. Aikman, Mr A.L. Hardie-Brown, Mr S.V. Peak and Mr J.R. Pratt have been elected directors of Touche Remant Unit Trust Management.

■ Mr Barry Smith, financial director, has been appointed chairman of DOLPHIN PACKAGING. Mr Richard Mitchell has now become financial director. Mr Rupert Speyer has resigned as chairman to devote more time to his other business interests.

■ JURYS HOTEL GROUP has made Mr Walter Beatty its chairman. Mr Beatty is senior partner of Vincent & Beatty of Dublin and chairman of Atlas Copco (Ireland).

■ Sir Graham Day is to join ALTNACRAIG as a non-executive director. Sir Graham is chairman of Cadbury Schweppes and Rover Group.

■ Mr Michael Bright has become deputy chairman of INDEPENDENT INSURANCE in addition to his position as chief executive and managing director. Mr Ian Dalziel, deputy chairman of Adam Bank, also joins the board as a non-executive director. Mr Robert McCracken and Mr Philip Condon, assistant general managers, have become directors.

■ BISHOPSGATE INSURANCE, one of the operating companies of AMEV UK, has appointed Mr Ken Acott, Mr Terry Newman and Mr Derek Stevenson as directors. Mr Alan Seudall has been made a director of Gresham Assurance Group, the other operating arm of AMEV (UK).

■ TERN has made the following appointments. Mr Richard Gray has become a director and chief executive of Tern Property Services. Mr Mike Drury has joined as a non-executive director, responsible for corporate development and planning. Mr Roy Haywood, who has decided not to submit himself for re-election to the board, remains a director and shareholder in Tern Developments, the group's property development arm. Mr Alan Edwardes has decided to stand down from the board to concentrate on his activities as group company secretary and group administration executive.

Mr Dennis Gilbey (above) has been appointed managing director of STRATOS VENTILATION PRODUCTS, the environmental specialists. He was managing director of Temperature, the Isle of Wight subsidiary of Norcros.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]						

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London WC2B 6SD 01-405 8331						
Comml & Equity	5	63.42	66.23	70.45	+0.13	6.82
European	5	63.48	63.78	67.84	+0.08	0.10
Far Eastern	5	62.55	62.75	66.76	−0.48	0.75
Growth Inc	5	90.33	93.67	99.64	−0.16	1.36
Growth Acc	5	90.33	93.67	99.64	−0.16	1.36
Income Inc	5	85.09	86.75	92.29	+0.60	5.30
Income Acc	5	85.09	86.75	92.29	+0.60	5.30
Property Share	5	55.89	56.09	59.55	+0.06	0.99
Smaller Co's	5	58.87	62.15	66.12	−0.25	1.49
Formerly BBC Trust Managers Ltd						
Nth American	5	59.85	59.85	64.01	−0.07	1.67
International	5	46.33	46.33	49.54	−0.04	1.45
Wright Seligman Fund Mngrs Ltd (1000)H						
11 Blomfield St, London EC2M 7AY 01-588 0502						
Growth	5	103.38	103.33	108.35		3.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	64.62	67.80	71.36	+0.36	2.64
YUTM UK Eqty Inc Fd	5¼	61.29	63.38	67.40	+0.27	4.49
YUTM Intl Gwth Tst	5¼	49.81	49.81	53.10	−0.20	1.05

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield
Baillie Gifford & Co Ltd				
Int'l Expt May 17	480.4	498.6		
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Apr 30		507.65		4.67
Fxd Int Sec Apr 30		141.15		10.13
Deposit Apr 30		100.00		12.45
Charities Official Invest. Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Apr 30		480.64		4.97
Accum Apr 30		1579.44		
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American May 17	137.8	141.6	+6.1	1.60

	Bid Price	Offer Price	+ or −	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	259.4	273.1		—
Equity Acc	594.7	599.7	+4.6	—
Property Acc	489.4	515.2		—
Far East Acc	209.5	220.6	+0.1	—
European Acc	21.6	22.8	+0.1	—
Managed Acc	672.9	708.4	+3.0	—
Managed Cap	382.4	402.6	+1.7	—
O'seas Earnings Acc	569.4	599.4	+3.9	—
Gilt Edged Acc	315.9	330.5	+0.7	—
American Equity Acc	448.2	471.8	−1.3	—
American Man Acc	208.1	219.1	−0.6	—
American Prop Acc	145.3	153.0	−0.4	—
Pen. F.I. Dep. Cap	285.8	300.9		—
Pen. F.I. Dep. Acc	498.4	524.6	+0.7	—
Pen. Prop. Cap	572.5	602.7		—
Pen. Prop. Acc	1080.5	1137.2		—
Pen. Man. Cap	639.7	673.0	+6.2	—
Pen. Man. Acc	1564.5	1646.7	+11.8	—
Pen. Gilt Edg. Cap	316.3	333.0	+0.5	—
Pen. Gilt Edg. Acc	487.5	513.2	+0.8	—
Pen. Eq. Cap	1365.7	1437.6	+12.4	—
Pen. Eq. Acc	1952.5	2055.3	+18.0	—
Pen. Am. Eq. Cap	148.7	156.6		—
Pen. Am. Eq. Acc	179.1	188.6		—
Pen. Far East Cap	249.4	262.6	−1.5	—
Pen. Far East Acc	300.6	316.6	−1.7	—
Pen. Euro Cap	24.6	25.9		—
Pen. Euro. Acc	26.6	28.1		—
Pen. B.S. Acc	594.7	661.5	+0.2	—
Pen. B.S. Cap	521.7	537.9	+0.1	—
Pen. D.A.F. Acc	374.7	394.7	+0.1	—
Pen. D.A.F. Cap	253.0	259.0		—
Pen. Mortgage Cap	144.0	151.6		—
Pen. Mortgage Acc	173.5	182.7		—
Barlng Funds				
Pen Equ Cap	28.6	30.2	+0.1	—
Pen Equ Acc	29.8	31.4	+0.2	—
Pen Am Eq Cap	32.2	35.9	+0.1	—
Pen Am Eq Acc	33.4	35.2	+0.1	—
Pen Far East Cap	31.4	33.1		—
Pen Far East Acc	32.6	34.4		—
Pen Euro Cap	33.1	34.9	+0.1	—

INSURANCES

Continued on next page

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Prudential Pensions Limited

Scottish Equitable Life Assce. Soc.

Skandia Life Assurance Co Ltd—Contd.

Target Life Assurance Co Ltd—Contd.

Noble Lowndes & Partners Ltd

Rothschild Asset Management—Contd.

Regency Life Assurance Co Ltd

Scottish Life Investments

Reliance Mutual

Scottish Mutual Assurance Society

Scottish Mutual Investments

Royal Heritage Life Assurance Ltd

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99⅞	99¼	Treas 10½pc 1989	99⅞xd	.....	—	—
99½	98⅞	Exch. 10pc 1989	99⅜	.....	10.05	12.47
99⅞	99¼	Exch 11pc 1989	99⅜	−⅛	11.06	12.32
98	95⅝	Treas 5pc 1986–89	98	.....	5.11	10.23
99½	99¼	Exch 10¼pc Cv '89	99⅞	+⅛	10.30	11.09
101⅞	100¼	Treas 13pc 1990‡‡	100½	−⅛	12.94	12.11
99⅞	98⅞	Exch 11pc 1990‡‡	99⅜	−⅛	11.08	12.05
101⅜	99⅞	Exch. 12½pc 1990	100¼	−⅛	12.47	12.08
94⅝	91⅝	Treas. 3pc 1990	94⅛	.....	3.19	9.61
96⅞	95⅝	Treas 8¼pc 1987–90‡‡	96⅞xd	.....	8.53	11.60
98⅞	95⅞	Treas. 8pc Cv 1990 ‡‡	96⅝	+⅛	8.28	11.18
98⅞	97⅛	Treas. 10pc Cv 1990	97⅞	+⅛	10.24	11.83
91⅛	87⅞	Exch 2½pc 1990	90⅞xd	+⅛	2.75	9.17
101⅞	99⅞	Treas 11¾pc 1991	100⅛	−⅛	11.74	11.69
92⅞	89⅝	Funding 5¾pc '87–91‡‡	92	−⅛	6.24	10.49
89⅞	86⅞	Treas. 3pc 1991	89⅞	+⅛	3.34	8.72
100⅞	96⅞	Treas 10pc Cv '91 ‡‡	97⅞	−⅛	10.26	11.39
101⅞	98⅞	Exch. 11pc 1991	99⅜	−⅛	11.10	11.44
94⅞	91⅞	Treas. 8pc 1991	92⅞xd	−⅛	8.65	11.30
106⅞	102⅞	Treas 12¾pc 1992‡‡	103⅞	−⅛	12.29	11.07
99½	96½	Treas 10pc 1992	97½	.....	10.27	11.11
94⅞	91½	Treas. 8pc 1992 ‡‡	92⅞	+⅛	8.65	11.11
100⅝	97⅞	Treas 10½pc Cv 1992‡‡	98⅞	−⅛	10.65	11.07
85⅞	82¼	Treas. 3pc 1992	84⅞xd	−⅛	3.56	9.03
105⅞	102⅞	Exch. 12¼pc '92	103⅛	−⅛	11.88	11.06
109¼	105⅞	Exch 13½pc 1992	106⅞	−⅛	12.64	10.98
94⅞	90⅞	Treas 8¼pc 1993	92⅞	−⅛	8.95	10.83
100⅞	96⅞	Treas 10pc 1993‡‡	97⅞	−⅛	10.23	10.70
108⅝	104⅞	Treas 12½pc 1993‡‡	105⅞	−⅛	11.83	10.75
87¾	84¼	Funding 6pc 1993‡‡	86¼	+⅛	6.96	9.98
113¾	109⅞	Treas 13¾pc 1993‡‡	110½xd	−⅛	12.44	10.72
94⅝	90⅞	Treas 8½pc 1994	91⅞	−⅛	9.26	10.74
117⅞	113⅞	Treas 14½pc 1994‡‡	114⅞	−⅛	12.66	10.53
113⅞	109⅞	Exch 13½pc 1994	110⅛	−⅛	12.24	10.75

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
89½	86½	NZ 7¼pc 1988–92	88	.....	8.24	11.90
206	206	S Rhod 2½pc Non-Asstd	206	.....	—	—
84½	84½	Do. 4½pc 87–92 Assd.	84½xd	.....	5.33	9.33

LOANS

Building Societies

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99¾	98⅞	N wide Anglia 8⅞pc 30.5.89	99¾	.....	8.95	13.14
99⅝	98⅞	Do. 9⅞pc 26.6.89	99⅝	.....	9.85	13.07
99⅞	98⅝	Do. 10⅞pc 17.7.89	99⅞	.....	10.73	13.04
99⅞	98⅞	Do. 11⅛pc 7.8.89	99⅞	.....	11.11	13.05
99⅞	98⅞	Do. 11⅞pc 29.8.89	99⅞	.....	11.62	13.11
99⅞	99⅞	Do. 12⅛pc 18.9.89	99⅝	.....	12.42	13.09
99⅞	99⅞	Do. 12⅜pc 2.10.89	99⅞	.....	12.36	13.08
99⅞	98⅞	Do. 11⅞pc 6.11.89	99⅞xd	.....	11.76	13.12
100	99⅞	Do. 12⅜pc 4.12.89	99⅞	.....	12.37	13.12
100⅛	99⅞	Do. 12⅞pc 2.1.90	99⅛	.....	12.84	13.12
100⅛	99⅞	Do. 12⅝pc 29.1.90	99⅞	.....	12.62	13.10
100	99⅞	Do. 12⅝pc 26.2.90	99⅝	.....	12.74	13.08
102¼	99¼	Do. 3⅞pc IL Ln 2021	101xd	+⅛	4.38	4.45

Public Board and Ind.

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99	95	Agric. Mt. 5pc '59–89	99	....	5.05	—
47	45	Met. Wtr. 3pc 'B'	46xd	....	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	1989 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	48	.....	3.50	18.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	.....	3	17.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	15.00
80	65	Hung. '24 Ass.	80	.....	2.75	13.57
139⅞	132½	Hydro Quebec 15pc 2011	133¾	+⅛	15.00	10.92
128⅞	122⅞	Iceland 14½pc Ln 2016	123⅞xd	+⅛	14.50	11.59
97¼	94½	Ireland 9¾pc '91–96	94½xd	.....	9.75	10.85

AMERICANS

1989 High	1989 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
37⅝	26¼	Abbott Laboratories	36⅞xd	−⅛	$1.20	—	1.9
537p	361p	Allegheny & W 1c	517p	−2	30c	—	3.4
16⅞	12⅞	Amax $1	16⅞xd	+⅛	40c	—	1.4

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

LONDON SHARE SERVICE

AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
25¾	21¼	Dana Corp $1	25¼	......	$1.60	–	3.6
11½	854p	Data General	11¾	+¼	–	–	–
34¼	28¾	Dun & Bradstreet $1	33½	–¼	$2.00	–	3.5
37½	30½	Eaton Corpn. 50c	37½xd	......	h$2.00	–	3.1
11½	8⅞	Echlin Inc.	11½xd	+¼	70c	–	3.7
19⅞	16⅞	FPL Group 1c	19⅞xd	+⅛	$2.20	–	6.6
32¼	27⅝	Ford Motor $1	30⅞	–⅛	$3.00	–	5.7
37⅞	30⅞	GATX 62½c	37⅞	+⅛	$2.00	–	3.1
32⅞	24¼	Gen. Elect. 63c	32¾xd	–⅛	$1.64	–	2.9
567p	484p	♥General Host Corp $1	517p	–9	28c	–	3.2
24⅝	18¼	Gillette $1	24⅝	+⅛	96c	–	2.3
820p	616p	Gt Am First Sec Bk $1	811p	–9	60c	–	4.3
20⅞	16⅞	Greyhound $1½	20⅞	+⅛	$1.32	–	3.7
11½	847p	Hasbro Inc 50c	11⅛	–¼	16c	–	0.8
8½	6	Home Group $1	8⅛xd	......	20c	–	1.4
47⅞	32¾	Honeywell $1½	46⅞	–⅝	$2.10	–	2.6
18⅞	15¼	Houston Inds.‖	18¼	–¼	$2.96	–	9.5
74¾	63⅞	IBM Corpn $1¼	69xd	+⅛	$4.84	–	4.1
52p	45p	♯Image Storage/P Sys 1c	47p	......	–	–	–
25⅞	18¾	Ingersoll-Rand $2	25⅝xd	–⅛	$1.04	–	2.4
29½	22½	Lockheed Crpn. $1	29¼xd	......	$1.60	–	3.2
18⅞	15⅞	Lone Star Inds $1	18⅛xd	+¼	$1.90	–	6.0
22¼	17½	Louisiana Land 15c	22¼xd	+½	$1.00	–	2.6
15⅛	11¼	Lowe's 50c	15¼	......	48c	–	1.8
21⅞	15⅞	Manuf. Hanover $1	21⅞	–⅛	$3.28	–	9.1
18⅝	13⅞	Merrill Lynch $1	18⅝	......	$1.00	–	3.1
2253p	1910p	Molex Inc.	2083p	–22	3.2c	–	–
23⅝	19¼	Morgan (JP) $2½	23⅞xd	+⅛	$1.66	–	4.1
46¼	36⅛	NYNEX $1	46⅛	–⅛	$4.36	–	5.5
22¼	18¼	PHH Corp.‖	22⅝	–⅛	$1.12	–	2.9
253p	220p	♥Pacific Agr 3	253p	......	–	–	–
23¼	19	Pacificorp $3¼	23½	–¼	$2.76	–	6.9
25⅛	16⅞	Pacific Telesis 10c	25⅛	......	$1.88	–	4.4
20	15¼	Pall Corp. 25c	19⅞	–⅛	48c	–	1.4
51½	39⅞	Pennzoil 83 1/3c	50⅝xd	–⅞	$3.00	–	3.5
23⅝	17⅞	Premark Intl	23⅝	+⅛	60c	–	1.5
36⅞	28⅛	Quaker Oats $5	36⅞xd	–⅛	$1.20	–	1.9
26⅞	23⅛	Rep NY Corpn $5	26⅞	+⅛	$1.28	–	2.8
13⅝	11⅞	Rockwell Intl $1	13⅞xd	–⅛	72c	–	3.1
32⅝	21⅝	Southwestern Bell $1	32⅝	+⅛	$2.60	–	4.7
24⅞	17⅞	Sun Co. Inc $1	24¼xd	–⅞	$1.80	–	4.4
27⅞	22⅞	TRW Inc. 62½c	27⅞xd	+⅛	$1.72	–	3.7
20	14⅞	TW Services $5	20	+¼	10c	–	0.3
33¼	26¼	Tenneco $5	33¼	......	$3.04	–	5.3
33½	28	Texaco $6.25	33⅝xd	+⅛	♦$3.00	–	5.2
27⅞	21⅞	Texas Instr. $1	27⅞xd	+½	72c	–	1.5
77¼	58⅝	Time Inc. $1	77¼	+1⅛	$1.00	–	0.8
17½	15⅞	TRINOVA Corp.	16⅞xd	–⅛	64c	–	2.2
21⅝	16	USX $1	21½xd	–⅛	$1.40	–	3.8
164p	126p	♥Unilab	154p	–1	–	–	–
32	22¼	Utd. Technologies	31⅞	–⅛	$1.60	–	2.9
158p	128p	♥Utilitech Inc.	142p	–4	–	–	–
42	31½	US West‖	42	......	$3.76	–	5.2
31¼	22⅝	Waste Management $1	31¼xd	+⅛	48c	–	0.9
18¼	13½	Whirlpool $1	18	–⅛	$1.10	–	3.6
20¼	16⅞	Whitman Corp	20¼xd	–¼	96c	–	2.8
32¼	28⅛	♥Woolworth $3½	32¼	......	$1.64	–	3.0

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	129p	♥ABM Gold Corp‖	136p	–7	–	–	–
23½p	4½p	♥Albot Energy Corp.	12p	......	–	–	–
13¼	902p	♥Amer. Barrick Res.	12½	......	–	–	–
3¼p	2⅛p	♥Amer. Lightwave‖	2½p	......	–	–	–
19½p	12¼p	♥Armeno	14½p	+½	–	–	–
325p	94p	♥Asiamerica Hldgs‖	325p	+7	–	–	–
33¼p	19p	♥Augmitto Explo.	19¼p	+⅛	–	–	–
16⅛	12⅞	Bk. Montreal‖	16⅛	+⅛	$2.12	–	6.6
908p	655p	Bk. Nova Scot.‖	908p	......	84c	–	4.7
19⅝	17	BCE‖	19⅝	+¼	$2.44	–	6.3
817p	570p	♥Bow Valley‖	817p	......	♦40c	–	2.5
15	12⅛	♥Brascan‖	15	+½	86c	–	3.0

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

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INSURANCES — Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	35	Ayer Hitam SM1	45	......	‡Q53.3	0.7	†
75	35	Gopeng Berhad M$0.50	75	......	Q10c	2.0	2.9
615	83	Jantar 12½p	130	......	♦	–	–
21	47	Malaysia Mng. 10c	79	......	Q5c	4.0	1.4
190	120	Petaling SM1	180	......	Q87c	1.0	10.9
150	90	Sungei Besi SM1	125	......	Q70c	1.4	12.7
90	90	Tanjong 15p	90	......	–	–	–

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	101xd	+1
Craig & Rose £1 ... γ	720	......
Finlay Pkg 5p ... γ	91	......
Holt (Jos) 25p ... γ	1295xd	–18

IRISH

Cap. 8½% Ln. 1991	£98	......
9pc Cap Ln 1996	£97¼	......
Fin. 13% 97/02	£116	......
Arnotts	452	+2
Carrol (P.J.) ... γ	151	+1
Hall (R. & H.)	195	......
Helton Hldgs ... γ	76	–2
Irish Ropes	195	......
United Drug	140	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	35
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	98
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	23
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	29
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42
Property	
Brit Land	30
Land Securities	52
MEPC	50
Oils	
Brit Petroleum	21
Do. Int. Certs	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21
Mines	
Cons Gold	100
Lonrho	38
RTZ	40

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FINANCIAL TIMES
Weekend May 20/May 21 1989

Share prices at highest since crash

By Simon Holberton, Economics Staff

UK share prices rose sharply yesterday to their highest level since the stock market crash in October 1987, in spite of poor figures for inflation and bank lending in April.

The dollar also showed renewed strength after defying bouts of co-ordinated intervention in currency markets by most of the main European and North American central banks.

Investors in the London stock market absorbed the rise in Britain's annual inflation rate to 8 per cent and a rise in bank and building society lending of £7bn last month with little hesitation.

They pushed the FT-SE 100 Share Index through the 2,200 barrier for the first time in 18 months. The index closed 27.4 higher at 2,204.7 – 3 per cent up on last Friday's closing level – and the FT Ordinary Share Index ended 27.4 higher at 1,837.5.

Analysts said trading yesterday was dominated by special factors, such as the implications of the new roads plan announced by Mr Paul Channon, Transport Secretary, on Thursday and speculation surrounding takeover targets.

Technical factors, such as the high level of institutional cash holdings together with a shortage of stocks in the hands of market-markers, also contributed to the market's surge.

The strength of the dollar also supported the market, as did a strong opening on Wall Street. In New York the Dow Jones Industrial Average was 21.08 higher by midsession at 2,491.20 on the back of high US Treasury bond prices and encouraging market forecasts by brokerage houses.

In London, Mr Richard Jeffrey, economist at Hoare Govett, the US-owned securities house, said about 40 per cent of UK company profits were earned abroad and mostly in dollars, so a strong US currency was seen as positive for the market.

He also noted that the London market had returned about 25 per cent to investors since the beginning of the year. Its latest rally tended to be self-feeding – investors saw prices rising and wanted to enter the market to take advantage of the rises.

On the foreign exchanges the dollar remained sought after by currency traders and investors. Central bank intervention is believed to be defending the dollar at too low a level.

The market remains perplexed, however, as to why the Bundesbank, the West German central bank, was absent from currency market operations yesterday as it was on Thursday – the day that its council declined to raise key discount and Lombard interest rates. Analysts speculate that there is a rift within the Group of Seven leading industrial countries over policy on the dollar.

The Bundesbank believes it is better to vary exchange market tactics and not be predictable in currency market intervention. The central bank also maintains that it adjusts its interest rates only in response to domestic economic conditions.

In London, the dollar closed at DM1.9695 against DM1.9665 on Thursday, and at Y138.75 against Y138.65. At midsession in New York it was quoted at DM1.9755 and Y138.70.

World stock markets, Page 13; London stock exchange, Page 15

Short-range nuclear missiles deal nearer

By Peter Riddell, US Editor in Washington

THE US and West Germany yesterday moved towards a compromise aimed at avoiding an open split over the future of short-range nuclear missiles in Europe when the Nato heads of government meet in Brussels on May 29-30.

Following two days of lengthy discussions in Washington with members of the Administration, Mr Gerhard Stoltenberg, the West German Defence Minister, said he was "hopeful" that agreement would be reached by next week, before the summit.

The breakthrough has followed indications from Mr Stoltenberg of Bonn's desire to be flexible and a US willingness to accept a linkage between negotiations on short-range weapons and the conventional force talks in Vienna.

Officials closely involved in the discussions said the compromise included acceptance by the US of eventual negotiations on short-range nuclear weapons, although these would not start until after substantial progress had been made in Vienna on reducing conventional force imbalances.

Washington's acceptance of the principle of such short-range negotiations has been made dependent on Bonn's assurances that the aim should not be total elimination of such weapons.

The suggested wording will now be considered by President George Bush and Chancellor Helmut Kohl of West Germany. There are also likely to be discussions with Mrs Margaret Thatcher, the UK Prime Minister, who has opposed such negotiations.

President Bush is keen to ensure that the Nato summit is not exclusively preoccupied by the short-range missiles issue and that it looks at the broader role of the alliance on its 40th anniversary, especially in the light of developments in the Soviet bloc.

Following his speech a week ago on East/West relations, the President will tomorrow outline his views on Nato in an address at Boston University. He is expected to base his argument on Nato's success in avoiding conflict so far and to warn against any premature reduction in the alliance's military capabilities until there is firm evidence of Soviet cuts.

The President yesterday talked with senior military advisers at his holiday home at Kennebunkport, Maine, about the Nato summit and the review of defence strategy. He is due to meet President Mitterrand of France there today.

Accountancy merger complicated by profits

By Richard Waters

ERNST & Whinney and Arthur Young, the accountancy firms, yesterday confirmed their intention to merge by the end of this year.

However, the earnings of partners in some countries are likely to be kept separate for a period because of differences in profitability.

This gives an indication of the difficulties still to be tackled by the two partnerships in arranging such a large-scale merger. The deal will involve combining the businesses of 6,000 owner-managers.

Arthur Young is less profitable than Ernst & Whinney in the UK and US, although each side said the differences were not large. However, to guard against a dilution of Ernst & Whinney partners' income, earnings will not be mixed immediately in the UK. US partners will share profits from the date the merger is completed, although it is thought that efforts will be made to improve profitability at Arthur Young beforehand.

Although the matter is still being negotiated, it is understood that full profit-sharing is likely to be phased in over three years.

It is hoped that at the end of this period the economies of scale and marketing benefits of the merger will have generated enough extra revenue to overcome any disparities.

Mr Harold Cottom, Ernst & Whinney managing partner in the UK, said: "If you put any two partnerships together, there will be a difference (in profits) . . . There may be a need for a short period of time to insulate them (Ernst & Whinney partners). But it's not a big issue in my book."

Arthur Young UK partners are likely to stand their ground in any profit-sharing debate. One said yesterday that any agreement on profits should take into account Arthur Young's larger continental European client base, because the opening up of Europe was likely to result in more work being referred to the UK and consequently greater profits.

"I hope the agreement doesn't take into account just immediate profitability, but also future profitability. That makes us equal."

In keeping with the highly secretive approach of all accountancy firms, partners in the UK were shown profit figures at meetings on Thursday but were not given copies to take away.

"As usual with these things, we had more on the blackboard than on paper," one grumbled.

Despite such rumblings, partners on both sides expressed support for the projected merger, which would put a newly-created Ernst & Young ahead of the present world leader, KPMG.

Putting two together, Page 7

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				**PARIS (FFrs)**			
Rises				**Rises**			
BMW	503	+	5	Alcatel	2830	+	35
Karstadt	538	+	22	Havas	890	+	17
Volkswagen	349.5	+	5.3	Pechelbronn	1070	+	25
Falls				Vallourec	374	+	10
Degussa	451.2	–	6.8	**Falls**			
Feldmuehle	349.8	–	11.7	Credit Foncier	884	–	14
Veba	281.7	–	5.3	Promodes	2986	–	14
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
BankAmerica	25⅞	+	⅞	Futaba Ind.	1970	+	150
Castle & Cooke	35⅞	+	1⅞	Misawa Resort	1960	+	250
Goodyear T & R	54	+	1⅛	Nippon Foil	745	+	65
Phelps Dodge	61	+	⅞	Takashima	1950	+	150
Falls				**Falls**			
Avon Prods.	32¼	–	½	Nihon Sugar	640	–	40
Prime Comp.	15⅛	–	¾	Toho Titanium	2790	–	170

New York prices at 12.30.

LONDON (Pence)							
Rises				RMC	810	+	31
AMEC	522	+	21	Racal Telecom	467	+	19
Bass	988	+	21	Redland	630	+	23
Blue Circle	604	+	22	STC	379	+	19
Boase Massimi	366	+	23	Std.& Simpson	170	+	19
Brit. Aero	689	+	22	Tarmac	356	+	21
Caird Grp.	510	+	30	UEI	531	+	19
Dalgety	386	+	22	Vibroplant	247	+	37
Hawker Siddeley	753	+	20	Wyndham Grp.	342	+	29
Hewden-Stuart	167	+	10	**Falls**			
Ladbroke	627½	+	18½	Domino Print	225	–	18
NFC Var.Vtg.	264	+	16	London Utd.	55	–	10
Parkdale Hldgs.	121	+	10	Rechem Envmtl.	665	–	28

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	21	70	Dallas †	C	22	72	Madeira	F	19	66	Prague	S	24	75
Algiers	S	25	77	Dublin	C	13	55	Madrid	F	26	79	Reykjavik	C	8	46
Amsterdam	S	24	75	Dubrovnik	F	20	68	Majorca	S	23	73	Rhodes	S	29	84
Athens	S	24	75	Edinburgh	C	11	52	Malaga	S	25	77	Rio d'Janeiro		–	–
Bahrain	S	36	97	Faro	S	22	72	Malta	S	22	72	Rome	S	21	70
Barcelona	S	20	68	Florence	C	22	72	Manchester	F	20	68	Salzburg	F	23	73
Belfast	C	16	61	Frankfurt	S	26	79	Melbourne	C	14	57	S'Francisco †	F	9	48
Belgrade	F	20	68	Geneva	S	22	72	Mexico City		–	–	Santiago		–	–
Berlin	S	25	77	Gibraltar	S	21	70	Miami †	S	26	79	Seoul	C	23	73
Biarritz	S	26	79	Glasgow	C	12	54	Milan	F	24	75	Singapore		–	–
Birmingham	C	20	68	Guernsey	S	19	66	Montreal †	F	18	64	Stockholm	C	19	66
Blackpool	F	21	70	Helsinki	F	13	55	Moscow	S	17	63	Strasbourg	S	26	79
Bombay	S	32	90	Hong Kong	R	25	77	Munich	S	21	70	Sydney	F	22	72
Bordeaux	S	28	82	Innsbruck	F	23	73	Nairobi	F	21	70	Tangier	F	24	75
Boulogne	F	23	73	Inverness	S	12	54	Naples	F	23	73	Tel Aviv	S	31	88
Bristol	F	24	75	Isle of Man	S	15	59	Nassau		–	–	Tenerife	F	21	70
Brussels	S	25	77	Istanbul	S	24	75	Newcastle	C	11	52	Tokyo	C	21	70
Buenos Aires		–	–	Jersey	S	21	70	New Delhi	S	40	104	Toronto †	F	16	61
Budapest	F	23	73	Johannesburg	S	22	72	New York †	S	16	61	Tunis	S	23	73
Cairo	S	38	100	Las Palmas	S	22	72	Nice	F	21	70	Valencia	S	25	77
Cape Town	F	15	59	Leeds	C	20	68	Nicosia	C	25	77	Venice	F	20	68
Cardiff	S	23	73	Lisbon	S	21	70	Oporto	S	17	63	Vienna	F	21	70
Chicago †	R	19	66	Locarno	S	22	72	Oslo	S	19	66	Warsaw	F	23	73
Cologne	S	27	81	London	S	23	73	Paris	S	26	79	Washington †	S	17	63
Copenhagen	S	19	66	Los Angeles †	F	13	55	Peking	S	23	73	Wellington	S	14	57
Corfu	F	23	73	Luxembourg	F	24	75	Perth	C	21	70	Zurich	S	21	70

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Thatcher

Continued from Page 1

Those differences – and the split over EMS membership between Mrs Thatcher on one side and Mr Lawson and Sir Geoffrey Howe, the Foreign Secretary, on the other – provide an unwelcome backdrop to Monday's launch of the Conservative manifesto for next month's European elections.

There were reports among senior Conservatives at Westminster that Sir Geoffrey's relations with Mrs Thatcher had become increasingly strained over the past few weeks.

Mr Neil Kinnock, the Labour leader, meanwhile said that Mrs Thatcher's latest remarks meant that the Chancellor, who was yesterday travelling to a meeting of European Community finance ministers in Spain, had little choice but to resign.

The manifesto is expected to emphasise the positive contribution that Britain has made to Europe over the past decade. The Prime Minister seems unlikely, however, to tone down her objections to plans for closer monetary co-operation or to the social charter proposed by the European Commission as part of the single market.

The open differences within the party over whether she should soften her stance in defence of British sovereignty are therefore expected to be highlighted daily within the campaign.

Yesterday Mr Michael Heseltine, the former defence secretary, again underlined his view that Britain should see closer links with Europe as an opportunity rather than a threat and should stop seeking to defend a "phoney" sovereignty.

Both Mr Lawson and Sir Geoffrey have been advocating an early commitment to EMS membership as a way of underscoring the Government's European "credentials" and strengthening its case in opposing more radical moves towards integration.

They share Mrs Thatcher's opposition to the goal of full monetary union proposed by the Delors committee of EC central bankers, but see strong political as well as economic advantages to participation in the exchange rate mechanism.

The Chancellor was behind the abortive experiment last year to "shadow" the D-Mark by keeping the pound below DM3.00 in an attempt to persuade the Prime Minister to agree formal EMS membership.

The latest campaign, however, appears to have succeeded only in irritating Mrs Thatcher, who has made it clear that she sees debate over the EMS as a distraction from the main task of getting down the inflation rate.

She said yesterday: "I do not know any serious commentator who at the moment has suggested that we go in until we have in fact tackled our inflation and really got it down."

The Prime Minister also questioned the stability of the EMS once other European countries had achieved the degree of freedom of capital movements already achieved by Britain.

Peking

Continued from Page 1

organisations and the Government. They also want press freedom, the resignation of top leaders and an end to official corruption.

The widespread protests have crippled transport and communications and paralysed more than 20 cities. It appeared yesterday that hardliners within the party had the upper hand, and the Government was preparing to brazen it out.

Li, who seemed to be directing strategy, earlier this week refused to grant the student demands for televised talks on political reform and press freedom.

With 50,000 students and workers flooding into the capital by train each day, the centre of the capital was again the scene of protests yesterday, though they were smaller than during the previous two days. Other cities continued to report large demonstrations.

Doctors at Peking's hospital yesterday warned that epidemics could break out in Tiananmen Square which has become a smelly health hazard, with decaying garbage filling the shanty town of tents, old buses and cars the strikers are using to shelter in during their protest.

The hospital president, Zhao Xiangyin, said yesterday that many of the fasting students treated during the past week had contracted contagious diseases such as hepatitis and respiratory illnesses.

Bond to sell some brewing interests

By Gordon Cramb

MR ALAN BOND, the heavily indebted Australian entrepreneur, is to relinquish direct control over his prized brewing business, in the most dramatic of recent attempts to reverse a slide in his fortunes.

Bond Corporation Holdings, his Perth-based master company, said yesterday it would sell its beer operations worldwide for A$3.5bn (£1.66bn) to Bell Resources, currently a 58 per cent subsidiary of Bond.

Bond Corporation intends to transfer its own A$2.3bn in brewing-related debts to Bell Resources, offsetting these against the purchase price on the argument that they carry fixed interest rates better than current market levels.

A controversial A$890m loan from Bell to Bond Corporation is also due to be unwound.

"This proposal gives Bell Resources an opportunity to acquire the world's fifth biggest brewer, a substantial asset of undoubted worth," Mr Bond said.

As well as domestic lager brands including Castlemaine XXXX and Swan, it would inherit G. Heileman, one of the top 10 US producers, and a venture agreed this month to take control of Kobanyai, Hungary's biggest brewer.

Bell Resources would be restructured and renamed, and Bond Corporation would retain only a minority stake.

Mr Bond has been subjected to a barrage of unfavourable publicity since his abortive assault last year on Lonrho, the British trading multinational of which Bond Corporation still owns 20 per cent.

He is also locked in a legal battle with the Australian Broadcasting Tribunal which is assessing his fitness to hold licences to operate his Channel Nine television and radio stations.

In a speech to the Securities Institute of New South Wales yesterday he issued another vigorous defence of his position but promised further disposals.

He acknowledged: "I am aware of your criticism that BCH is unpredictable and that I may be unpredictable. I will be taking this into account as the company reduces its debt and consolidates its activities."

Initial market reaction to the news was positive, with shares in Bond Corporation up 15 cents to A$1.35, a revival of more than a third since the low point 10 days ago when the shares touched A$1.

Shifting the brewing side will leave Bond Corporation with interests including property and 51 per cent of Bond Media, owner of Channel Nine.

Bell Resources is meanwhile to shed all its own existing holdings in a move which, Mr Bond argued, would create one of the world's few brewers unencumbered by interests outside the industry.

"Bond Corporation has already received expressions of interest from a number of overseas groups which are eager to participate in a pure brewing vehicle of this nature," the company said.

Mr Bond gave no further indication yesterday of how much he might retain and where the rest of the shares would go.

Brewing analysts in London were cautious about his ability to secure a foreign partner.

"It depends on the entry price of the businesses involved, and he will leave as much debt in as he can," said one broker.

The deal is subject to approval by shareholders in Bond and in Bell Resources – where the combative Mr John Spalvins of Adelaide Steamship has a minority stake.

In the past few weeks Mr Bond has sold out of the prestige Bond Centre development in Hong Kong as part of efforts to raise cash and reassure nervous markets. He has also moved to buy in 10 per cent of Bond Corporation shares and pledged to reduce his stake in Bond International Gold.

IXL stake on offer to Elders shareholders, Page 10

THE LEX COLUMN

Equities ride on the greenback

The word on UK inflation is far from encouraging, next week's trade figures could be horrendous, industrial unrest is escalating and sterling is not looking particularly strong. It is hardly the ideal backdrop for a booming UK equity market, yet the FT-SE is up by 23 per cent already this year and is now less than 10 per cent below its pre-crash high of 2,443. Yesterday was one of the heaviest trading sessions in a long time, and the more bearish fund managers, in spite of earning 13 per cent on their cash, are beginning to look horribly exposed.

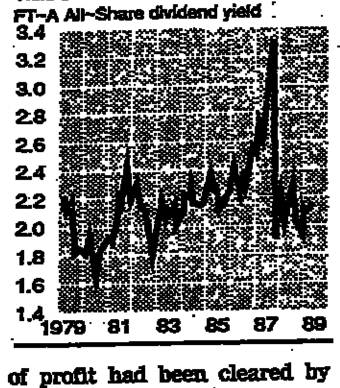
The problems of the UK economy could soon return to haunt the London equity market, but for the moment investors are enjoying the fall-out from the dollar's unexpected rerating. The chief beneficiary has been Wall Street, where short-term US interest rates have fallen by half a point over the past fortnight: and in the UK, the dollar earners have been leading the market higher amid growing signs that the long-feared squeeze on profit margins may not be so bad after all. The institutions are flush with cash, rights issues remain surprisingly few, RHM is the latest target of the corporate predators, and the West Germans and Japanese have once again ducked raising their interest rates.

If only it could stay this way, all would be well. Unfortunately, if the dollar continues to surge unchecked, it looks far more likely that it will be met by higher European interest rates rather than lower US rates; and 14 per cent base rates would come as a rude shock to the UK equity market.

FT Index rose 27.4 to 1,837.5

UK yield ratio

Yield on FT Irredeemables divided by FT-A All-Share dividend yield



Blue Arrow

The long-awaited circular on Blue Arrow's Canvey Island adventure makes dispiriting reading. There is no reason to dispute the company's contention that the losses involved are not materially damaging, even if the total provision of £43m is steeper than advertised. What does seem extraordinary is the alleged behaviour of the man who only two years ago was able to touch the London market for over £800m. Mr Berry, it is said, entered into transactions without the authorisation of his board, and in breach of Stock Exchange rules on shareholder approval. That apart, it seems poor judgment to make a substantial loan on a speculative project, interest-free for two and a half years, with the promise of return only after the first £25m of profit had been cleared by Mr de Savary.

For his part, Mr de Savary argues that the value of the land, even without the hoped-for planning permission, more than covers the cost of Blue Arrow's investment. If this is so – and Blue Arrow disputes it – the whole fuss is further illustration that employment agencies have no business dabbling in property development.

The final departure of Mr Berry, carrying all of the blame, a sheaf of indemnities and £1.2m in compensation, leaves the company hoping for a fresh start. In one important respect, this seems quite feasible. The US presence on the shareholder register is now rising towards 50 per cent and the company will shortly introduce quarterly statements, reporting in dollars and so forth. Provided there is nothing nasty to emerge from the Department of Trade investigation, the extinction of Blue Arrow by Manpower – whether nominal or not – will be complete.

Lonrho

Lonrho has always been magnanimous with the dividend, but yesterday's 46 per cent increase in the interim payment was a pretty self-interested sort of generosity. Mr Rowland seems intent on buying shareholders' loyalty to tide him over a tricky legal period – the contempt of court decision due on Monday – and on smoothing the way for a placing of the Bond stake, should it come to that.

The strategy is all rather short term: making shares genuinely cheap is not as simple as returning to shareholders what they own already. Stripping out all the funnies – which accounted for yesterday's stated 40 per cent profit growth in its entirety – and assuming a smaller rise in the final, the dividend is less than 1.5 times covered, while the true p/e is over 12. The grudging rise in the shares of 3p to 285p yesterday showed the market was not to be bought off so easily.

Otherwise, yesterday's results were typically uninformative. The decision to take £38.4m of stock disposal profits above the line was remarkable enough; while the reference to "astonishingly good" prospects and the bullish description of each division does not square with underlying earnings growth of 2 per cent. The company hints that the reason for any dullness in the first half was that extra profit has been kept back for the second; but, in that case, one wonders why anyone bothers with the interim numbers at all.

Bond Corp

Mr Bond's switching of his brewing business between two parts of his empire is open to several interpretations. As yesterday's rise in the shares of both Bond Corporation and Bell Resources suggests, the move helps each company individually. Bond Corp gets its hands on the rest of Bell's cash, and Bell, having already lent some A$1bn to Bond, now gets breweries in place of a dubious IOU. For the Bond empire as a whole, all this is no more than passing assets from one pocket to another; what is needed is disposals to genuine outside parties. But though there is a hint of desperation about the whole affair, it would not do to write Mr Bond off just yet: he has proved his skills in escapology often enough in the past.

Next

All week, the market has been saying that retailers have fallen far enough. The sight of Next trading a bit more of the George Davis dream for solid cash made it consider even that company to be off the bottom. Both judgments are premature. As far as Next goes, it may be encouraging to see gearing down to under 30 per cent, and to hear of the new management's sensible plans; but the difficult bit of rebuilding the business starts now. For retailers in general, the rerating is based on faith in a recovery expected at some point next year. Assuming the rest of the retailing reporting season produces its normal ratio of horror stories, the sector could shortly find itself back where it started.

Weekend FT

SECTION II — Weekend May 20/May 21, 1989

The long road into England

Christian Tyler on the problems Asian migrants and their children have in adapting to the land they now call home

THE FIRST Asian refugee from Uganda to arrive in Leicester was Babulah Thakerar, an accountant. He came on August 26 1972, with three of his six children and £4 in cash. As he stepped from the train he told a reporter from the Leicester Mercury: "The Asians will not be a burden to Britain."

Ignoring advertisements placed in Ugandan newspapers by the Leicester City Council and public warnings that the city was "full up" another 6,000 refugees followed Thakerar to the prosperous Midlands town. They represented nearly a quarter of all those who chose Britain as a refuge from the dictator Idi Amin.

Most of the new immigrants settled in the grid of red-brick terraces either side of Belgrave Road — in those days due for demolition — which runs north east out of the city centre. And they kept the promise that Babulah Thakerar made on their behalf. They are by no means all as rich and successful as popular mythology would have it, but few of them are poor. The bank manager who used to baulk at lending £1,000 to an Asian customer will now lend him £1m without qualm. When an Asian moves into a smart suburban street today he drives prices up, not down.

Perhaps because they were already westernised and accustomed to British institutions the refugees from Africa have adapted easily to England: like the former barrister who has made a success out of knitwear, the politician who went into garages and then financial consultancy, the coffee merchant turned magazine distributor, or the young doctor who has become a consultant oncologist at the Royal Infirmary.

But, nearly 20 years on, the question exercising the more far-sighted people on both sides of the ethnic divide is whether acclimatisation is leading to integration or whether it will lapse into a kind of perpetual — if voluntary — apartheid. With Britain debating its obligation towards the citizens of Hong Kong, the long-range lessons are more than academic.

Ethnic origins are not simply washed away by the English rain, and Belgrave Road is one of those places where the native can experience culture shock in his own country. A large excited crowd gathered there one morning this month, jostling and pushing round the door of Dave's News, a shop indistinguishable from thousands of others. Two tattooed bouncers stood guard, directing police efforts to clear a gangway. The cause of the crush turned out to be Rekha, a pretty girl with a fearsome pout who, someone *said, is India's biggest female filmstar.* She had come up to Leicester from London to promote the British launch of an Asian film magazine called CineBlitz.

Belgrave Road has come up in the world since the days when shops went for £8,000-£9,000. Prices now start around £250,000 but nobody, said the estate agent, would be so foolish as to sell without testing the market at auction. The old cinema has been turned into a sari supermarket and even the pizza parlour is Indian-owned. Shopkeepers call it the Asian Mile. The burghers of Leicester say "Khyber Pass."

About a quarter of the city's population of 280,000 is Asian, perhaps more. Although the newcomers tend to be lumped together, there are important differences of origin, culture, religion and experience. A third of them came directly from the Indian subcontinent, voluntarily, to seek their fortune; a third are to a greater or lesser extent refugees from post-independence Africa, whither the British, needing labour to build railways, had lured them at the turn of the century with promises of gold; and a third were born in Britain. The largest religious group is the 40,000 Hindus, mainly from the eastern Indian state of Gujarat. There are about 20,000 Sikhs, most of whom came directly from the Punjab, and about 15,000 Muslims from both sides of the Indian partition line.

Nobody seems to have calculated what proportion of the city's wealth is in Asian hands, but none doubts that Leicester's traditional textile industry would have died without them. Depending on whom you talk to, the number of Asian millionaires in the county ranges from a dozen to nearly 100. The biggest businessmen — in hosiery, knitwear, cash-and-carry — tend to be the direct immigrants, including Punjabis and Sri Lankans. For all their business experience and former wealth, the East African immigrants are less hard-working according to Jaffer Kapasi, secretary of the Leciestershire Asian Business Association. "Perhaps we have been spoilt by rich parents," said Kapasi, himself a refugee from Uganda where his father became a millionaire running ships on Lake Albert.

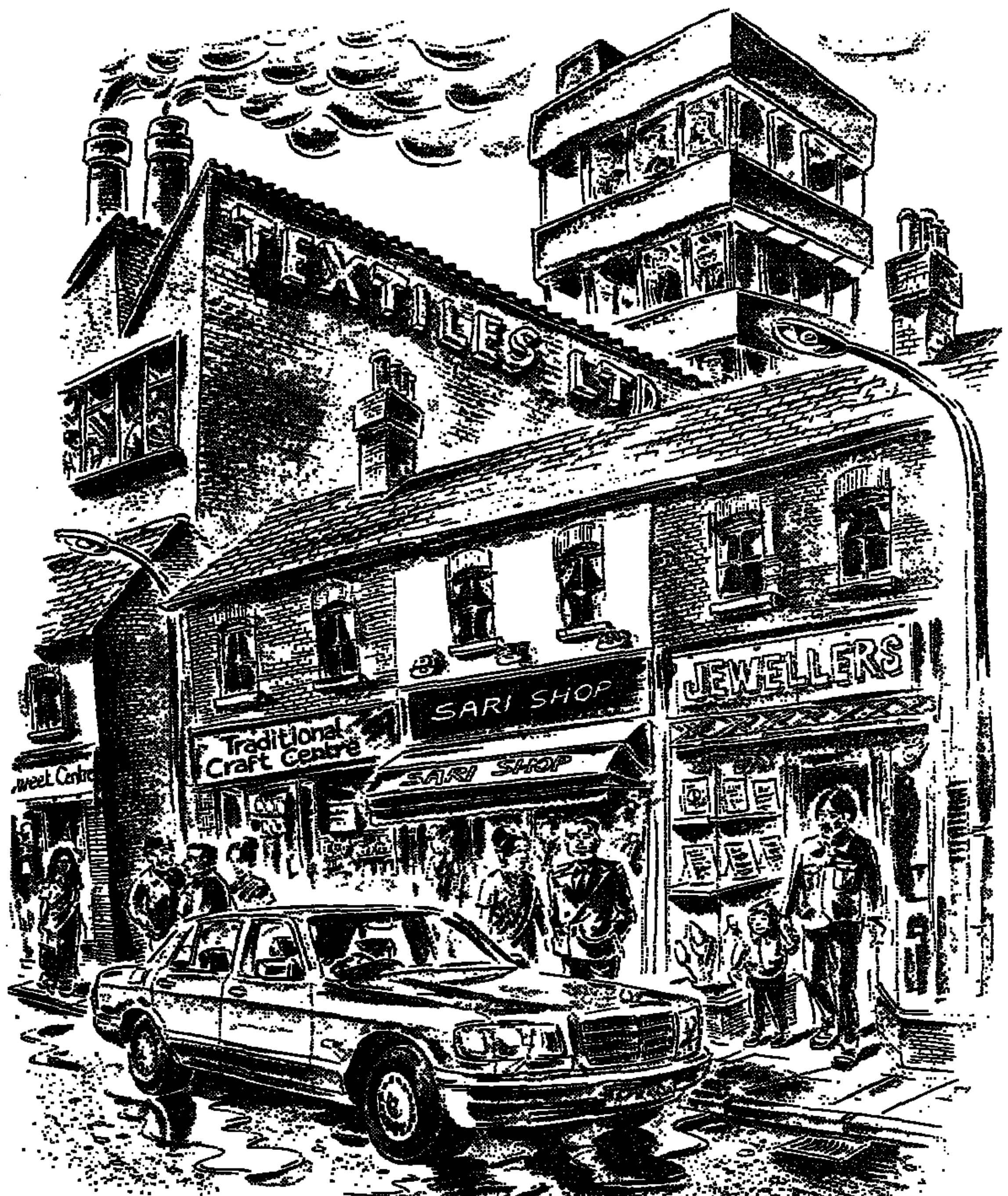
The desire to invest in property seems universal. Even professional men dabble in it. There is a new housing estate called Hamilton going up on the east side of the city. Of the first ten houses built, eight were bought by Asians and six of those stood empty for half a year. Some of the biggest commercial property developments are funded by Asians and a remarkable 80 per cent of them are owner-occupiers against less than 50 per cent of whites, according to a 1987 study commissioned by the city and county councils.

Although the bigger firms have spread their tendrils into the wider economy, as suppliers for national chain stores, for example, integration into the English mainstream seems painfully — and to some Asian politicians even dangerously — slow. This insularity is due as much to cultural tradition as it is to insecurity.

Ratilal Ganatra, who owns a hardware emporium on Belgrave Road, typifies the family-minded conservatism of the Gujerati Hindus. Surrounded by aluminium cooking pots, plaster casts of gods and goddesses, ceremonial drums, tea strainers and hair grips he explained the fundamental importance of the "joint family system" in which the house, the work and the income are all shared. Ganatra came from Tanzania in 1970 for the sake of his children's education. He is leader of the Lohana community in Britain and one of Leicester's village elders. Once an independent ethnic minority candidate, these days he enjoys an influence that the Labour local councillor and Member of Parliament cannot ignore. A genial man, he describes himself as a *karmayogi* and social worker who puts welfare before riches. But he said: "From the very blood we are a business community."

The Asians' preoccupation with business, the family and the clan can seem dangerously obsessive to more westernised immigrants. Manzoor Moghal is a financial consultant with Allied Dunbar who fled Uganda after unsuccessfully pleading the Asians' case with Idi Amin. "The Asians have learned very little from their past mistakes," he said. "They are following a similar pattern here and sometimes I am fearful for their future in the UK." In Uganda, he said, they had hastened their downfall by flaunting their wealth and failing to convert their economic weight into political influence. "They have reasonable economic clout here, but are almost totally involved in economic activity to the exclusion of any sense of civic or political involvement."

There is an odd blend of ostentation and secrecy which makes the Asians' real circumstances difficult for the outsider to judge. Behind the little shop may, or may not lie a big import-export business and a string of investment properties. The Mercedes outside the shop may belong to a wealthy man who can well afford a Rolls-Royce. Or it may belong to a struggling shopkeeper — especially if he is from East Africa — trying to prove that he has made it. It leads the whites to wrong conclusions (for example, that most of the profits are being shipped back to India) or to exaggerated assessments of the immigrants' worth. This dissembling owes something to fear of the taxman — Leicester is one of those places where the Revenue and Social Security like to go hunting. As one accountant said, Asian businessmen feel they do not have the time to do proper accounts and they like to keep the profits — like the business itself — in the family.



Gary Wing

The secrecy can also be explained by fear of white resentment, racial abuse or old-fashioned burglary. Although Leicester has a generally good race relations record, not everyone feels secure. Immigrants are reluctant to talk about the attacks and insults they still have to suffer, especially in the Highfields area where the Muslim and black communities live.

Bhiku Hindocha, an accountant whose clients are mainly from East Africa, said their desire for self-employment was very strong. That, and the feeling that their promotion chances were weak in white firms, might explain the scarcity of Asian managers in the city's big offices. Their businesses might grow to a turnover of £5m or £10m a year, but then they would stop growing. To go on to create a professional management structure or seek a quote on the Unlisted Securities Market was virtually unheard of."

Being self-supporting if not entirely self-sufficient, the Asians are natural Thatcherites. But in politics, too, the sense of community seems to impede adaptation. There are eight Asian city councillors and three county councillors — and they are all Labour. Government Ministers have visited the city to appland the Asians' entrepreneurship, and many of the wealthier vote Conservative, but Labour has secured its place by focussing on minority needs and reminding people of the Conservatives' record on immigration controls. Keith Vaz, the young MP for Leicester East, is an adroit politician who, one admirer says, "manages to express Asian views in an English way."

Even in the richer suburbs the Tories have been reluctant to woo the middle-class Indian vote for fear of alienating the whites. "Basically, at heart we are all capitalists," said Subhash Khanna, who left Kenya in protest at being classified as a foreigner in his own country and is now a consultant oncologist at the Royal Infirmary. "But we have been lumped together as 'Asian Labour.' So we don't vote. I don't vote." Hindocha said: "There are do-gooder Labour councillors who give the impression we are always making demands — that we want chapattis in all the schools. But it's not like that. It's time we put something back into the community."

The professionals, such as doctors and lawyers, move easily in their adopted society. Well educated, and from upper middle-class backgrounds in India or Africa where they enjoyed a higher standard of living than any of their English friends, they wear their culture and religion lightly. Like the more successful businessmen they have moved into smart suburbs and are sending their children to private schools. Understandably they fight shy of the more exclusive hunting, shooting and fishing set out in the countryside. They have no ambition to play the country squire.

They are fortunate in that their jobs bring them into daily contact with the Establishment. A good example is Gautam Bodiwala, who came from Gujarat 20 years ago as a qualified surgeon and heads the Infirmary's accident and emergency unit. He was the man who directed the emergency services after the M1 plane crash earlier this year. Conscious of the barrier of mutual ignorance, Bodiwala invites English and Asian friends to meet each other at his handsome detached house in Oadby. Of Leicester's separated communities he says: "We are still passing through a period of trying to understand each other after 16 years. But who is to go out and extend the hand first?"

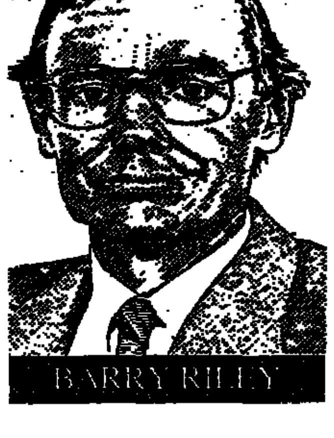
It is often assumed that segregation ends with the succeeding generation. But the history of large minorities in Europe and the US suggests there is nothing automatic about the process. The Hindu and Sikh parents of Leicester — and the Muslims even more - are mortally afraid that their children will lose their religious beliefs, make unstable marriages with a partner from the wrong race or clan, and abandon the family network. The couple who have built up a business with their bare hands want their sons to take over the shop.

"I am split between both generations," said Ashok Khandelwal, as he sat in the office of his father's sari supermarket. Ashok is an articulate, intelligent man of 26 who went to Wyggeston Grammar School and then straight into the business. He is in the shop 12 hours a day and does paperwork on Sundays. His father, Suraj Khandelwal, is one of the leading Indian businessmen of Leicester, an early immigrant who was formerly on the staff of the president of India.

In spite of his British birth and education, Ashok's life is almost entirely taken up with business and the family. He and his wife live in the parental home in Birstall and have no plans to buy their own house. He is shocked by the attitudes some Asian children show towards their parents. Ashok confessed to misgivings about the relentless round of business that stretches ahead of him. Will he, then, break free of his Asian heritage and take flight into the western world? Not at all. He wants to go and work in India.

The Long View

Cutting out the piggy in the middle


BARRY RILEY

As companies grow more frustrated with their institutional shareholders they are tempted to sell themselves directly to the public

DISINTERMEDIATION is the jargon word for it, but don't be *put off, it means* nothing more complicated than cutting out the middleman.

In the financial world, bankers already know all about it, to their cost. Big companies are better credit risks than the banks these days, so it makes sense for them to go straight to the short-term money markets rather than draw down overdrafts.

Now, some of the better-known companies are wondering whether there might be a case for extending the principle to the long-term capital market. The middlemen in this case are not the banks, but the great investment institutions like the life insurance companies and the pension funds. Their annual net cash flow is of the order of £25bn — and they invest much of it in ordinary shares. As a result, direct ownership of equities by the British public has dwindled.

Through privatisation offers the Government has succeeded in raising the number of private shareholders from 3m to 9m. That figure could jump temporarily to 13m when the free Abbey National share certificates are handed out in July. But the average investment is very small. Private shareholders in aggregate own less than 25 per cent of the shares of the typical British company.

The usually cited reason is that the institutions have enjoyed tax privileges, especially the pension funds. But the life offices lost life assurance premium relief five years ago. Meanwhile, through Personal Equity Plans, the Government has been developing a tax framework by means of which individual share ownership could become attractive again.

To an increasing extent, in fact, the domination of the savings business by institutional intermediaries can be attributed to successful marketing rather than tax. A largely ignorant public either leaves its money in safe, familiar building society accounts or is sold products with very high commissions attached.

Stock Exchange firms might have seized the opportunity, years ago, to reach the mass market directly. But that would have required large-scale injections of capital and management skills. It was much easier and more profitable to leave the marketing to the institutions and become their servants.

Until Big Bang it was at least possible to cross-subsidise private client business. Subsequently, however, many big stock market firms have pulled out of private client business, or have attempted to turn themselves into mini-institutions running portfolios on a discretionary basis. The proposed Taurus 2 electronic settlement system, for instance, is going to work on the basis of nominee portfolios held by brokers. Fund managers like to operate PEPs on the basis of stockpicking choices made by them rather than their clients. This is the only way, it seems, they can make the business profitable. But like nominee registration it breaks the direct link between companies and their shareholders.

Is it possible that this whole elaborate structure of expensive intermediation could be by-passed? Could ICI sell shares, or other types of securities, to the public through its own dealing facility? There are severe Companies Act restrictions, set up to counter the ruses of crooked 18th century company promoters. Yet the investment trusts, which for these purposes are companies like any others, have found ways of setting up savings schemes.

A little surprisingly, public relations men can be found behind the latest wider share ownership push. Roddy Dewe of Dewe Rogerson, who has prospered on successive privatisation issues, is attempting to gather money for a £350,000 academic study of the potential for corporate marketing to investors. Brian Basham of Broad Street Group is urging companies to set themselves targets for raising the privately-held proportion of their equity to 35 per cent.

Evidently it is the marketing consultants who can most clearly see their way to making a profit out of the small investor. There is nothing wrong with that. But it poses the question of whether there is really anything in it for other parties — the companies themselves, for example.

The attractions would include a more diversified ownership, offering a reduced share price volatility and, possibly, greater loyalty from the small shareholder. On the other hand, the costs of direct marketing might be quite high, as would the subsequent cost of maintaining a large shareholder register.

And there is an ethical quandary. Legally, listed companies are beholden to their majority owners, the institutions. Would companies be justified in seeking to undermine the business interests of their proprietors? We see this clash come to the surface in arguments such as the jealous institutional protection of pre-emption rights. Of course, if you consider that the ultimate proprietors are not the fund managers but the ultimate beneficiaries you might come to a different answer.

The central question is whether the elaborate infrastructure of the institutions and their many thousands of salesmen and agents is in fact unjustifiably inefficient, or whether it is the least bad way of reaching a hard-to-get public. Many companies are skilful at using marketing skills to reach consumers: should they use the same techniques to market themselves to investors, rather than sub-contract the task to insurance companies? The answer may well be that the capital market is very different. At the very least, a company will need a strong brand name to be successful: XYZ Industries would find it tough.

Judging by the way relationships between companies and institutional shareholders are deteriorating, however, attempts to break the mould *may not be too far away.*

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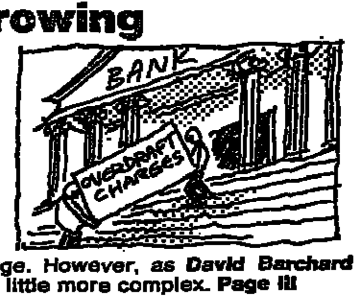
MARKETS

Finance and the Family: This Week

In search of the real cost of bank borrowing



Big retail groups have challenged the idea that bank overdrafts are a relatively cheap way of borrowing money. They point out that overdraft charges are not expressed as an APR, and are therefore difficult for the public to gauge. However, as **David Barchard** *reports, the real story is a little more complex.* **Page III**

A new face in futures investment

Scimitar, the investment arm of international bank Standard & Chartered, is dipping a toe into the muddy waters of futures investment. The group is offering investors two offshore-based futures funds and is the latest "respectable" name to enter this sector and give it added credibility. **Beverley Chandler** reports. **Page VI**

Icing on the cake for expatriates

Important changes will be introduced next April which will curtail, or even eliminate, the British tax liability of many overseas residents who derive income from the UK. **Donald Elkin** has the details. **Page VII**

Scope for saving on CGT bills

Anthony Casswell continues his series on how to make the most out of independent taxation by looking at forward planning for Capital Gains Tax exemption. **Page VII**

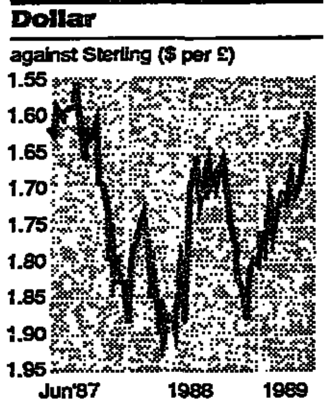
Minding your own business

Ian Hamilton Fazey meets two former senior managers with Investors in Industry (3i) who have taken the plunge into setting up their own individual venture capital businesses, and **Roy Hodson** tracks a report that sheds light on attitudes to the short and long-term futures of privately owned companies. **Page VIII**

■ **BRIEFCASE:** Share option dilemma: Page VI

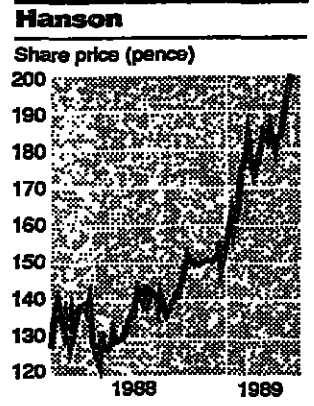
Dollar

against Sterling ($ per £)



Hanson

Share price (pence)



Surprise surge in US dollar

The surge in the value of the US dollar over the last few weeks is one of the biggest investment surprises of 1989. The US is running a chronic balance of payments deficit and its inflation rate is higher than that of many of its competitors, yet the dollar has risen by 15 per cent over the last six months against the currencies of the world's two biggest surplus countries – West Germany and Japan. The assumption now is that the dollar was substantially undervalued, but the danger for the financial markets is that if its rise continues unchecked other countries will be forced to push interest rates unnecessarily high to protect their currencies. This could precipitate a hard landing/recession for the world economy. *William Hall*

Hanson shares underperform

A surprising underperformance by Hanson shares, despite very satisfactory half time figures, illustrates the analysts' dilemma over one of their favourite companies. "Hanson's recent strategy has looked more defensive than offensive," comments Citicorp Scrimgeour Vickers, adding that "acquisitive action" may be needed if the share rating is to make further progress. Hence the disappointment that this week's interim statement brought no exciting news – indeed the board said austerely that this was not the time to make major acquisitions, "at today's inflated prices." The Goldsmith, Rothschild, Packer consortium which took out the Goodman Fielder Wattie stake in Ranks Hovis McDougall might disagree. The market will be watching Hanson's cash pile, estimated at around £1.8bn net, with even keener interest if the stock market continues to push to new post-Crash peaks. *Terry Byland*

Unit trust sales rally

Unit trust sales rallied during April even though the latest figures show that smaller investors are continuing to pull out of these funds. The April figures from the Unit Trust Association show that gross sales reached £828.9m, up 2.8 per cent on the previous month. Repurchases fell to £527.6m and as a result net investment increased to £301.3m after declining to £211.3m in March. The total value of the funds under management rose by £370m to £49.59bn in April. The recovery in sales is mainly due to institutional buying; in fact, the number of account holders continued to fall, from 4.8m in March to 4.76m last month. The number of unitholder accounts has been falling steadily since the beginning of 1988. *Sara Webb*

House prices rose 33% in 1988

House prices rose by about a third in the UK during 1988, according to the latest issue of the Building Societies Association journal, though it goes on to predict that there will be a much slower rate of house price inflation in 1989. First-time buyers accounted for 47 per cent of building society loans last year and nearly half of these were new households, the report says.

Out of these first-time buyers, 15 per cent bought houses which cost less than £15,000, while 21 per cent of owner-occupiers who moved last year paid at least £80,000 for their new properties. Slightly over a quarter of first-time buyers were between 21 and 24 years old, while 5 per cent were under 21. House prices were highest in London and the south east, and lowest in Scotland and the north. *Sara Webb*

LONDON

A rally more of faith than fundamentals

THE LONDON equity market has been bounding ahead again this week, with the FTSE 100 bursting through peak after post-crash peak. Is this anything more than an outbreak of "insensate optimism" – as one pundit put it yesterday – or is the outlook for the economy genuinely more rosy?

The market appears to have gained most of its strength this week from events on the other side of the Atlantic, where Wall Street was strong and the dollar continued its dizzy rise against the D-Mark and the Yen. Sentiment was also much helped by Wednesday's trade figures, which showed a deficit for March of $8.86bn – significantly less than the $10.2bn expected by the markets. The dollar promptly gained three pfennigs against the D-Mark – reaching its highest level against the German currency since December 1986 and its highest point against the yen for nearly two years.

According to many observers, the dollar has lost touch with fundamentals over the recent weeks, the rise due to speculation and little else. But the surge does reflect a perceptible shift in sentiment on the outlook for the US economy. Growth is slowing – but not so rapidly as to precipitate a recession. Interest rates, if not on the point of coming down, are not about to go up – and inflation is perhaps under control.

The spillage of optimism into the London markets was all the more pronounced because of the resilience of sterling. True, it gave ground against the dollar – falling on Wednesday to its lowest level against that currency since August 1987 – *but it held its own* against the D-Mark and on a trade-weighted basis. The inflationary implications of a higher dollar seemed more threatening to continental European economies.

There was thus a degree of surprise that the German Bundesbank did not increase its interest rates after its council members met on Thursday. A positive development for the London markets: the threat of a sympathetic rise in base rates receded and equities took cheer. FTSE climbed 21.5 points to 2177.3 and continued to rise yesterday, ending another 27.4 points ahead at 2204.7, up 69 points on the week.

"No fool wants to miss out on a fool's rally," observed one commentator yesterday. He was not alone in thinking that the market has started to look "toppy." According to Ken Inglis of UBS Phillips & Drew, share prices show "a touching faith among investors that a *whole host of problems afflicting* the UK economy will just disappear."

Jeffrey Thompson of Barclay de Zoete Wedd agrees: he thinks it inappropriate for shares prices to be standing on a 13x historical multiple and yielding just 4 per cent – levels last seen in the bull market of 1986 and early 1987.

Perhaps the key problem facing the UK economy now is inflation. The worry is that the measures adopted to tackle it could bring about a significant slowdown in economic growth, prompting a "hard landing" in the aftermath of last year's boom.

Yesterday's inflation figures were exceedingly disappointing. They showed a 1.8 per cent increase in prices from March to April and an annualised increase of 8 per cent, compared to the 7.9 expected. Nigel Lawson, the Chancellor, said at the time of the last Budget that inflation would peak at 8 per cent before dropping back to 5¼ per cent in the fourth quarter of the year and 4½ per cent in the second quarter of next year. Such figures would seem increasingly difficult to deliver.

Thursday's labour market figures told the same story. Theyshowed unemployment for April at 1.85m, its lowest level since November 1980. This suggests a constriction in the supply of labour which combined with the ever increasing spiral of pay settlements, means that inflationary pressures abound.

"While I do not think interest rates will go up," argues Inglis, "they are not likely to go down for some time. Growth will slow from 5 per cent in 1988 to 3¼ per cent this year to 1½ per cent in 1990. This is not a soft landing and the pain will be born by the corporate sector. The implications of this have not been absorbed by the London equity market."

A positive factor for the market is that institutions are awash with cash and that the odd mega-bid is in the offing. True, the UK's biggest-ever foundered this week in the US courts; however the formidable Sir James Goldsmith this week *made his first* aggressive move, some two months after he announced a return to the UK bid scene in partnership with Jacob Rothschild.

The £3.5bn bid for Consolidated Gold Fields from

"No fool wants to miss out on a fool's rally," observed one commentator

Minorco collapsed late on Tuesday after Judge Michael Mukasey *in New York* refused to remove an injunction preventing the bidder from buying any more shares in its target. The bid thus lapsed – despite the fact that 55 per cent of Gold Field's shareholders had opted for the takeover. Advisers gleaned some £50m in fees, it emerged on Wednesday.

The Goldsmith/Rothschild duo made a spectacular – if slightly puzzling – intervention into the Ranks Hovis McDougall saga. The Mr Kipling cakes to Mothers Pride group had attempted to turn the tables on Goodman Fielder Wattie – an Antipodean group which owns 29.9 per cent of RHM and last year failed in a £1.7bn offer for the UK company – by launching a £1.3bn bid for Goodman itself. But Goldsmith, in alliance with Kerry Packer, Australia's richest man, spent £415m on acquiring Goodman's stake.

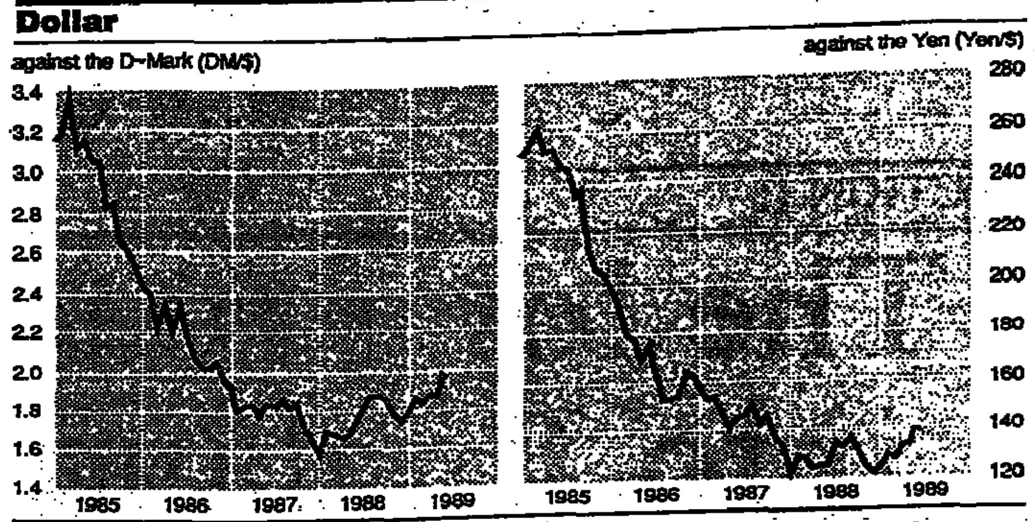
It is not clear what Gold*smith & co* want out of the situation – but monetary gain is likely to fairly high on the list of priorities.

Martin Sorrell, every bit as as adept a dealer as Goldsmith, took the WPP advertising group another huge step away from its roots as a manufacturer of shopping trolleys. WPP – which in 1987 bought J. Walter Thompson – marched into Madison Avenue again with an agreed bid worth $864m (£527m) for the Ogilvy Group, overcoming what had originally been the strenuous objections of David Ogilvy, the firm's founder.

On Monday, Hanson announced interim profits up 25.6 per cent to £447m – and indicated that its acquisitions war-chest now stood at £4bn in cash. Allied Lyons disappointed with a 15 per cent rise to £502m at the halfway stage. Full year results from J. Sainsbury surged by more than 20 per cent to £375m. Lonrho's interim pre-tax profits seemed disappointing despite a rise from £80.4m to £120m.

David Waller

Dollar



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2204.7	+69.0	2204.7	1782.8	Interest rate fears recede.
Antler	315	+115	320	151	Agreed bid from Wassall.
Budgens	109	-37	169	106	William Low bid withdrawn.
Burmah Oil	617	+56½	617	480	Sells 50% of LNG business to Mitsui.
Caird Group	510	+66	512	305	Waste disposal companies strong.
Cons Gold Fields	1253	-77	1478	1155	Minorco bid withdrawn.
Ladbroke	627½	+48½	636	424	Bonus share issue/firm trading news.
Miss World	613	+70	618	433	Citicorp 'buy' recommendation.
Nu-Swift	488	+47	488	385	Bumper interim profits.
REA Hldgs.	233	+52	233	171	Sells stake in Anglo-Eastern Plants.
RHM	450	+103	450	341	S'dale buys 30% stake from GFW.
RMC	810	+84	814	503	Govt. to double spending on roads.
Rechem Envmtl.	585	+131	708	314	Almost doubled profits & dividend.
STC	379	+37	384	261½	Talk of imminent joint ventures.
Utd. Scientific	155	-26	214	138	Warning of losses/figs. due Friday.

WALL STREET

Spare a tear for the arbitrageurs

NEXT WEEKEND, on its Memorial Day holiday, the US will remember the dead and honour the survivors of its wars. About the last thing Wall Street will do between now and then is pause for a minute to consider the meaning of the October 1987 Crash.

With stocks romping ahead, analysts talk no longer of new post-crash highs – the major market indices set yet more on Thursday – but when prices will break their all-time records clocked a couple of months before the Crash.

The gap is closing fast, with the Dow Jones Industrial Average now only some 230 points, about 9 per cent, below its August 25 1987 peak of 2,722.42. The Standard & Poor's 500 index is only shy by 5.5 per cent, reflecting its bullish use by *programme traders*.

Enthusiastic investors swept past two awkward moments this week in their pursuit of stocks. The consumer price index rose a brisk 0.7 per cent in April and the Federal Reserve failed to ease its monetary policy.

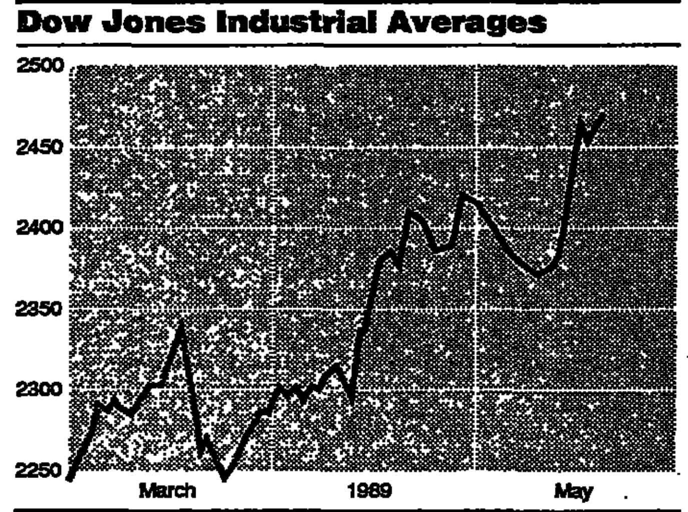
On the former they were reassured that volatile food and energy prices were largely responsible for still strong inflation rates. On the latter, they expect the Fed to ease back on interest rates after it has seen more data confirming that the economy is heading *for a soft landing*.

The robust dollar, checked but not beaten by massive central bank intervention on Thursday, encouraged an increasing flow of foreign investors into both US equity and bond markets. The Japanese were particularly big *buyers during the week*.

Noticeably absent from the current market are two disparate classes which shared an uncomfortable fate during the Crash: small investors and speculators in takeover stocks.

The surge in stock prices in the past two months has left many small investors sitting on the sidelines, still worried that there could be a replay of the Crash.

Dow Jones Industrial Averages



Feeling sorry for risk arbitrageurs may seem an unseemly display of compassion, but they have had their problems. Takeover volume is well down so far this year and many deals have blown up in their faces.

They had a rough week with Amway aborting its offer for Avon. What kind of salesman is Amway, the market wondered, when it cries off the first time someone slams a door in its face? Avon's stock plunged more than $7 to $33 despite its management's promises to do better for shareholders than the $39 offered by Amway.

Arbs' losses on the week were probably well-above $500m, some calculated. Avon was not the only big hit. Newmont Mining's shares sank $10 to $45 7/8 after Minorco gave up its bid for Consolidated Goldfields.

Although interest rates are easing, the cost of financing takeovers remains higher than last year. Coupled with loftier stock prices, the two factors have distinctly chilled the takeover market.

In the first four months of this year only 661 offers worth $123.9bn were made compared with 896 worth $279.3bn in the last four months of 1988, according to figures compiled by IDD Information Services.

The figures mis-state the true stock market activity because in addition to offers for complete public companies, they also capture offers for divisions and private companies. It is bad news for the arbs dependent on the market offers but not as bad for Wall Street firms which are increasingly dependent for their profits on mergers and acquisitions.

Alain Lebec, Merrill Lynch's co-head of mergers and acqui*sitions, said he is as busy this* year as last, although big block-buster transactions are absent. "We're as busy on bread and butter deals of $100m to $500m as we've ever been," he said. There is no slow down at all in the divestiture of divisions. "The recycling business is very active," notes Lebec. Companies buy rather than build new elements they consider central to their strategies.

Ronald Freeman, head of international mergers and acquisitions at Salomon Brothers, said such "strategic buyers are increasingly visible" compared to financial players who are in the game for the takeover profits. The best recent example, he pointed out, was this week's agreed $864m purchase of Ogilvy Group, the US advertising and services firm, by WPP, the UK marketing services group.

Some analysts say the big takeovers disappeared shortly after the record breaking $25bn leveraged buyout of RJR Nabisco, the tobacco and food group, launched last autumn. They argue that *some* would-be buyers turned cautious about the chances of making the deals pay off before the economy cools down.

In contrast, many investors are taking a far more cheery view about their stock purchases, judging by the market's continuing rally. Perhaps next weekend should be Thanksgiving.

Monday	2,463.89	+ 24.19
Tuesday	2,453.45	– 10.44
Wednesday	2,462.43	+ 8.98
Thursday	2,470.12	+ 7.69

Roderick Oram

JUNIOR MARKETS

A full circle of intrigue

THE SIGHT of an ambitious business chasing an impoverished, wholly unrelated company for the sake of its stock market quotation is a bizarre but relatively common one.

However, when an Indiana-based switch manufacturer tied the knot with one of the most depressed oil companies on the UK market in 1985, the deal set a new standard in financial engineering, thanks *to its adroit manipulation* of $21m of tax losses. And since then the progress of this oddly-matched pair has been equally unconventional, having involved four owners in less than two years.

The company, renamed American Electronic Components, started off its newly-merged life on the USM, but in mid 1987 it was bought by Burgess, an electronics company. Burgess merged with RHP to form Pilgrim House Group, which was bought by Williams Holdings, the industrial conglomerate. This week, Williams announced it was selling the group to a management-led team for $40m (£24.1m) – less than half the price paid by Burgess.

The management, the same team that sewed up the original deal, now promises to turn the affair full circle by bringing the company on to the USM in the next two years.

If so, it will add to a set of intriguing and distinctive companies on the USM. This cadre of companies – which go by the resonant names of American Plastic Technologies, American Business Systems and American Distributors – have been forged by the same team of financiers and boast similar histories.

The origins of these companies go back to the pioneering days at the start of the decade when US oil companies were all the rage with UK investors. By the mid 1980s most of these enterprises had come to a sorry end, dragged down by dry wells, drastic write-offs, and the oil price slide.

But one useful side-effect of all this carnage was an accumulated pile of tax losses, the potential value of which was spotted by two financiers associated with MIM fund managers, Mark Vaughan-Lee and Christopher Mills.

They realised that although American legislators had tried to block US companies from buying companies for their tax losses, the difference in tax laws between the UK and the US allowed tax-efficient mergers between impoverished UK predators and profitable US businesses (a loophole which has now been blocked).

The plan, first put in practice in the case of American Electronic Components, was to dispose of existing assets and buy a US business that appeared to be low risk, low technology and highly cash generative. It would enjoy an exceedingly low tax bill which could provide a supercharged cash flow, which would, in turn, fuel rapid expansion.

The second company to receive this treatment was American Business Systems, which rose from the ashes of New Court Natural Resources, another bombed-out oil company. In December 1986 it moved down from the main market to the USM, made a heavy rights issue and bought Danka, a US office equipment distributor, for $15.5m, which it has expanded through a steady flow of acquisitions.

Their next target was Sapphire Petroleum, another USM-quoted disaster story, the main assets of which was a $37m tax loss. After scouring the country for a suitable partner and being gazumped on their first choice, they found Golden Distributors, a tobacco and confectionery distributor.

Since then the business has made a string of acquisitions that has extended it through Massachusetts, New York, Philadelphia and New Jersey and allowed it to make cost and efficiency savings through consolidating operations into just three warehouses. *As well* as geographical expansion, it aims to move into groceries, which will lessen its dependence on the tobacco market.

The next deal orchestrated by Vaughan-Lee created American Plastic Technologies and was sealed just before the 1987 Crash. In the first *transaction* which did not make use of an existing shell, it used a MIM controlled private oil company with $9m tax losses, into which was injected a family-owned plastic injection moulder based in Ohio.

The latest company to receive the attentions *of the* Vaughan-Lee treatment is Amercoeur Energy, a loss-making third market mining group. Since Vaughan-Lee became chairman last October it has raised £700,000 through a rights issue to reduce borrowings and finance acquisitions.

How successful have these ventures been? In most cases, the trading performances of the new businesses have been more than satisfactory, although the share price performances have generally been unexciting.

But, in general, investors *could be forgiven* for being a little nervous in view of bad experiences with the original companies and the patchy record of US acquisitions by UK groups. Given the generally dismal record of US companies traded on the USM, it can only be hoped that these will buck the trend.

Vanessa Houlder

Uncertainty keeps brewing sector in ferment

UNCERTAINTY of any kind is not good news for the investor, particularly for the smaller ones who do not have access to Stock Exchange screens. When an ingrediant is politics, a capricious business, uncertainty can be a heady brew.

Such is the case at present for Britain's brewing industry, where the investment cloud cast over the sector because of the Monopoly and Mergers Commission's report has intensified over the last few weeks.

This is because Lord Young, the Trade and Industry Secretary, lobbied by the industry and back-bench Tories, has agreed to listen to suggestions from the industry as to how alternative strategies (to those of the MMC) could achieve the same objectives. The MMC's report advocates a radical shake-up of the brewing industry in order to introduce greater competition, particularly among the "big six" brewers.

Lord Young said in March, on publication of the report, that he was "minded" to accept its recommendations and several City analysts and institutional investors fairly confidently compiled their lists of winners and losers in the investment stakes.

One recommendation in particular, that the six major brewers should not each be able to own more than 2,000 pubs, particularly excited the City. The logic was that some businesses, like Whitbread or Bass, two of Britain's biggest brewers, would be worth more if they split their businesses.

If Whitbread, for example, divested itself of its brewing business, analysts have argued, shareholders would be left with the retail division, which would be re-rated as a leisure industry, not a brewer. Similarly, if Bass floated off its brewing business shareholders would stand to realise the considerable inherent value of the business.

Such an analysis begs the question of which companies would be interested in acquiring the assets to be sold. Analysts and the industry suggest foreign brewers as possible purchasers. It could be argued however that no public company other than Heineken, the Dutch brewer, would be interested in acquiring Whitbread's brewing assets. Whitbread brews Heineken under licence.

However, such speculation has been dampened in the past few days by uncertainty over whether or not the recommendations will be implemented. The industry is currently in negotiations with Lord Young's department and compromises may be struck that water down the original proposals.

It is likely therefore that for the next few months rumour

Bass chairman Ian Prosser: why no re-rating?

and speculation will inject a volatility into share prices in those businesses which are heavily exposed to the sector. Excluded from this list would be drinks groups like Guinness and Grand Metropolitan, whose exposure to the vagaries of the Commission are more limited.

Whatever the outcome of the deliberations between the industry and the Government, investors have been forced to look at asset values of brewers, particularly the big six, and apply different prospective multiples to the various parts of the business. Indeed, Ian Prosser, chairman of Bass, in announcing his group's results this week, asked the City why it did not re-rate his group, given that the profits were already there.

Bass, along with Whitbread, have core strengths in its brewing and retailing divisions with Bass the quality performer this week when it turned in profits before tax for the 28 weeks to April 8 up 46.5 per cent from £197m to £288.6m. Both Bass and Whitbread – which increased prof*its by 19 per cent for the year* to February 25 – increased their market share of a static beer market and said that they were investing heavily in the marketing of their brands.

Should the MMC proposals as currently constituted be implemented, Bass's brewing division, with brands like Carling Black Label and Tennants lager, would be well placed to rapidly increase its share of guest beers – that is, beers other than the brewery owners' brands – although profitability could be dented by *intense competition*.

The introduction of guest beers into pubs could put severe margin pressure into the industry with a price war. Those many regional brewers without strong management and strong brands stand to lose most in such a battle.

Lisa Wood

IN THE NEWS

Fee-free share deal

TSB Trust Company is offering a share exchange scheme that enables you to get rid of your privatisation shares without paying any dealing expenses or VAT, and invest the proceeds in the TSB range of unit trusts, investment and pension plans and life *assurance schemes.*

The scheme applies for holdings above £250 in the case of privatisation shares, with TSB paying the full stock market offer price and waiving all charges – while at the same time, of course, wooing investors into its range of products.

If you want to sell other shares in exchange for TSB products, they are subject to a minimum of £500 and a brokerage fee which amounts to £16 (plus VAT) on transactions below £3,200 or 0.5 per cent (plus VAT) above that threshold.

* * *

SVENSKA, the *UK-based* private client stock broking subsidiary set up by the Swedish bank group in 1986, has started an international portfolio management service for investors with a minimum of £250,000 and for intermediaries who can pool several clients to match the minimum requirement.

The International Investment Strategy service consists of a portfolio of international equities and bonds and claims to be "very conservative" in outlook. Svenska will charge a standard commission rate rather than a management fee.

* * *

MIDLAND BANK has reduced the interest rates on its high interest deposit bond. This means you will now receive between 8.75 per cent and 9.6 per cent net, depending on the *term of the investment.*

Investors can place a minimum of £2,000 in the bond for either six or 12 months, and interest is paid – at a fixed rate – either monthly or at the end of the period. So if you put your money in the bond for six months, you will now receive a rate of 9.6 per cent net at the end of the term or 9.0 per cent net if you receive the interest monthly.

The corresponding net rates for money invested for one year are 9.25 per cent and 8.75 per cent.

So far, Midland says the high interest bond has attracted more than £120m from investors since it was launched at the beginning of the year.

EXPATRIATES who face the risk of contracting AIDS or *becoming HIV* positive by whatever means while they are working overseas may now be covered by a new insurance scheme available to certain employers.

The plan takes care of repatriation and resettlement costs incurred by the employer provided the company is a member of Employment Conditions Abroad.

It pays up to £25,000 to the employer to cover the cost of repatriating an infected employee and his or her family, as well as the cost of replacing them overseas. In addition, affected employees (or their legal representatives) may receive up to £25,000 towards repatriation plus whatever is left over from the £25,000 that the employer is entitled to claim.

The premium for this cover is £50 per annum per person working abroad, or £75 for a family.

Overseas Health and Medical Services, which provides the insurance, hopes *to* widen its availability in future so that other people who may face the risk of infection in the course of their normal work (ambulance workers, for example) could also be covered.

* * *

ALLIANCE & LEICESTER building society has started a private medical insurance scheme intended as a back-up if the treatment you require cannot be provided by the NHS within six weeks of diagnosis.

HealthCare Plus provides up to £8,000 basic cover for in-patient treatment, and up to £16,000 if you require cosmetic surgery due to an accident or open heart surgery. The benefit is doubled if further complications arise which were not evident at the time of surgery.

The scheme also includes cover for immediate treatment in a private hospital while you are travelling abroad, and up to £35,000 in repatriation cover.

* * *

MIM Britannia has decided to lower the minimum investment for three of its Far Eastern funds by linking them together in a bid to attract more customers.

So, if you want to invest in all three of the following – the Japan Performance Trust, the South East Asia Growth Trust, and the Singapore ASEAN Growth Trust – you can invest a minimum of £1,000 which will be split equally between the three funds.

Normally, there is a minimum investment requirement of £500 in each of the funds (making the *total minimum* investment £1,500).

The Japan Performance Trust came top out of the UK unit trusts invested in Japan over the last ten years (£1,000 *invested ten years ago, with* net income reinvested, would now be worth £12,177, according to Money Management). Looking at the performance over the last year, the fund has topped the list of Japanese growth funds.

The South East Asia Growth Trust ranks as the top performer in the Far East sector, with £1,000 invested a year ago (net income reinvested) now worth £1,571.

The Singapore ASEAN Growth Trust, however, which invests in Singapore, Malaysia, Thailand, Indonesia, Brunei and the Philippines, only ranks thirteenth in the *same sector if* you look at the performance in the last year – in fact, £1,000 invested a year ago would now be worth £1,413.

So the scheme appears to be a means of luring more investors into one of the less successful funds using the star attractions of two of the group's higher performers.

* * *

FOLLOWING the successful performance of its UK Growth Fund and more recently launched UK Income Fund, Arkwright Management, a subsidiary of stockbrokers Henry *Cooke Lumsden, has branched* out abroad with the launch of an International Fund.

The new unit trust will be managed by Bessemer Trust of New York, an investment company *set up* originally to look after the interests of the Bessemer Steel family.

The fund will initially have 30 per cent of the money invested in North America, 25 per cent in Japan, 4 per cent in other Far Eastern markets, 26 per cent in Europe, and 10 per cent in the UK, with the remainder held in cash.

There is an initial charge of 5.25 per cent and an annual charge of 1.5 per cent.

Sara Webb

Call for the real cost of overdrafts to be revealed

Bank borrowing blues

OVERDRAFTS are a relatively cheap way of borrowing money, right? Not according to the big retail groups who issue store cards and are themselves often attacked for charging exorbitant rates of interest.

They say that bank overdraft rates can be far higher.

This week the Retail Credit Group, an association of big retailers such as Marks & Spencer, Kingfisher and Burtons, published a broadside against the banks.

The main point it makes is *that the public does not fully* understand how payments for overdrafts compare with other forms of borrowing because overdraft charges are not expressed as an annualised *percentage rate (APR).*

This is because overdrafts from the banks are not covered by consumer credit regulations. The retailers think they should be.

Overdraft charges have long been a murky area for bank customers. This is partly because overdrafts are seldom a calculated form of borrowing.

People stumble into them either because their finances are fundamentally awry, overstretched perhaps by school fees, or – worse still – because they are simply not looking very carefully at their outgoings and not very worried about slipping into the red by a hundred pounds or two.

In the past, banks generally encouraged this process by including overdraft charges as a lump sum on the statements *of their customers.*

The "new wave" current accounts have made it much easier to understand what is being charged and why.

Lloyds Bank has gone *beyond this to offer its small* business customers a breakdown of their overdraft charges.

But this does not make the charges on overdrafts anything like as easy to understand as they would be if an APR had to be expressed with them. The snag is that it is not easy to do so.

The old–style bank overdrafts tend to combine monthly interest with transaction charges and some other charges, for instance for writing warning letters to customers who stray beyond agreed limits.

The newer overdrafts still have a monthly interest charge, combined with a monthly fixed charge.

Customers who run up overdrafts of more than £100 without prior agreement from the bank may also face other penalties, including the familiar charge for angry letters.

How do you turn these variable charges into APRs? The *retailers point out that when a* fixed charge is involved, the less you borrow, the higher the interest you are paying.

Calculating APRs is not simple and has been known to lead to serious disputes in the past. But the banks do not appear to dispute the retailers' calculations for rates of interest for overdrafts of £100, £250, £500, and £750.

These give a horrific APR of 116.5 per cent for someone who borrows £100 on a Midland Orchard account, which falls to 31.6 per cent for borrowers of more than £750.

For National Westminster's credit *zone, APRs* vary from 48.8 per cent on £100 to 25.7 per cent on £750. The higher rate is well above any credit card, while the lower one is just under the rate of interest charged by the large credit card companies.

Does this mean that you would be better off borrowing through a store card or credit card?

Not at all, say the banks. A NatWest spokesman this week said that overdrafts and credit cards were "as different as chalk and cheese."

Midland Bank also agreed that the two were not strictly comparable. There are an awful lot of things which come with a bank account which you do not get from a credit card.

The retailers' basic point is that the different types of borrowing are in fact in competition and this is obscured by the different pricing arrangements which operate at the moment.

The APR is the common measure of price in the credit business and the retailers believe that it should be uniformly applied. They say that the fact that customers now face several scattered charges makes the need for some kind of total charge calculation even more imperative.

The argument that customers do not know in advance how much they are going to borrow on an overdraft and that the rate they are charged depends on this is somewhat spurious.

It is quite easy to set up tables showing what the rate will be for each £50 borrowed.

It would take a change in the *law to compel the banks to do* this, but there is nothing to stop any of the high street clearers doing it for themselves.

Barclays and Lloyds last week drew comfort from the fact that the retailers had not pointed the finger at them.

But as it is impossible for ordinary mortals to calculate APRs unaided, it is anyone's guess if their rates are significantly better than those of Midland and NatWest.

David Barchard

Solicitors move into mortgages

GO TO YOUR local solicitor for a mortgage. That is the latest idea being promoted by the Solicitors' Financial & Property Services Company.

The company was set up by the Law Society last year to expand the solicitors' role in giving independent financial advice to their clients.

It has already established a *link with Sedgwick Financial* Services to provide "best advice" in recommending financial products to solicitors' clients.

Now it has made arrangements *for* its members to obtain mortgage funds direct from three lenders – Barclays Bank, Mortgage Corporation and Nationwide Anglia Building Society.

David Hunt, marketing director, said that the three lenders had deliberately been chosen to cover all three sectors of mortgage providers – the banks, building societies and new centralised lenders.

A mortgage guarantee certificate confirming the amount of the loan will be issued to the solicitor's client, who can also then take "best advice" via Sedgwick on the best repayment vehicle to go with the mortgage, unless a straight repayment home loan is selected.

The big advantage of dealing via a solicitor is that under Law Society rules solicitors must reveal any commission *they may receive in a "hard"* disclosure manner: in other words, in a way that you can understand.

As you know how much commission the solicitor is being paid, you can then negotiate on the fee payable for providing the service.

You should also receive truly independent advice, since solicitors cannot be "tied" to sell or recommend financial products from one particular company.

The disadvantage is that most solicitors do not have the expertise of good financial advisers because they are basically relying on third parties, such as Sedgwick.

So far Solicitors' Financial & Property Services, which is a non-profit making organisation, has signed up around 500 practices, mainly in the provinces. This is out of the total of 8,000 or so in Britain, including 3,500 sole practitioners.

Hunt hopes that the move into mortgages will further the cause of solicitors providing a one-stop independent financial advisory service.

This may help to offset the impact on solicitors of plans to allow the banks and building societies to move into conveyancing.

David Hunt

John Edwards

Fund to offer regular income

PRUDENTIAL HOLBORN is launching on Monday a fund of funds called the Holborn Trust, which will invest in the group's existing range of 13 unit trusts.

A special feature of the fund is the cash release system. It allows you to plan how much income you want to withdraw from the parent Holborn Trust *fund on a monthly, quarterly,* six-monthly or annual basis instead of depending on income paid in the form of fluctuating distributions from the underlying funds.

The income generated by the underlying funds is reinvested in accumulation units which investors can cash in at set intervals.

Minimum investment is £1,000 or £50 a month. Charges are at the upper end of the scale – there is a 6 per cent initial charge and an annual management charge of 1.5 per cent.

This seems a lot to pay for a fund which will be based on an uninspiring recent performance record. The Holborn trusts have shown some good three-year figures, but recently their performance has tended to be around or below average.

At the same time, the performance of the funds of funds sector has been uninspiring.

The Pru's withdrawal scheme, allowing investors to redeem units regularly to provide an "income", works as fol*lows: those investing £2,000* can receive payments twice a year, while anyone who opts for monthly payments needs to have invested a minimum of £10,000.

If you keep withdrawals within the annual £5,000 CGT-free limit, your "income" is effectively tax free.

The disadvantage, of course, is that the regular redemptions could reduce your capital to nothing in a long bear market. The Pru recommends a maximum withdrawal of 8 per cent a year.

Investors can buy units for an initial price of 25p per unit between May 22 and June 11.

Christine Stopp

FINANCE & THE FAMILY

The Week Ahead

Takeover stocks add spice to speculation

TAKEOVER STOCKS and dollar plays pepper next week's financial results. With the two big food groups, Associated British Foods and Ranks Hovis McDougall, the spice is in the speculation, rather than the profit figures which are coming up.

ABF (finals, Monday), is not going to disappoint anyone if it produces the £230m. pre-tax, up from £210m, that the Panmure Gordon food team are expecting. As its chairman, Garry Weston, has pointed out, there are performance limits on a company which is dependent on bread and milling, and which has half of its assets in the gilt-edged market.

The group had nearly £1bn of cash and near-cash a year ago but, like Hanson, it has not seemed keen lately to get into a takeover market in which cash prices are inflated by leveraged buy-outs.

RHM hit the headlines this week when Sunningdale Holdings, the new takeover vehicle for the partnership between Sir James Goldsmith and Jacob Rothschild, acquired the 29.9 per cent stake in RHM held by Goodman Fielder Wattie, the once-predatory Australian group. The interim figures, expected on Wednesday morning, are not new. RHM estimated not less than £81m (against £72.5m) for the first half of 1988-89 a month ago, when it turned the tables and bid for the unfortunate GFW.

Panmures say that the British company has above-average earnings prospects, excluding GFW. They are not alone in that, but attention is going to centre in the short term on the Sunningdale move, and RHM's response to it.

British Airways (Tuesday) used to be a dollar play but people talk about traffic in intercontinental, rather than transatlantic terms these days, with their minds on Japan, Australia and Europe as well as the US and the UK. The market in BA has been more concerned lately about fuel costs, after the recent rise in oil prices.

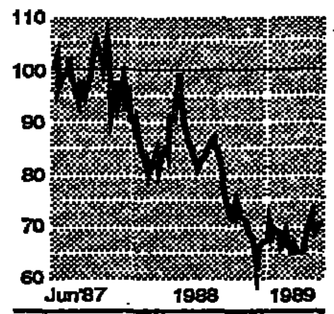
Analysts say that these will hit the first quarter of the current year. Meanwhile, the final three months of 1988-89 take in the lowest traffic levels; but the BCAL acquisition should have improved its traffic and trading compared with last year, says Christopher Will of Shearson Lehman Hutton. Will expects an £8m loss for the group in the March quarter compared with a £39m deficit previously, putting his annual estimate in the middle of the market range at £265m (£228m) for the full twelve months.

The fuel price impact is expected in the current year, but buoyant April traffic figures are keeping the analysts optimistic, on balance.

Courtaulds, says Peter Hyde of Kleinwort Benson Research, is susceptible to the US dollar, the French franc and the Spanish peseta; and certainly, as the dollar has improved in recent months, the company's share price performance has not got worse.

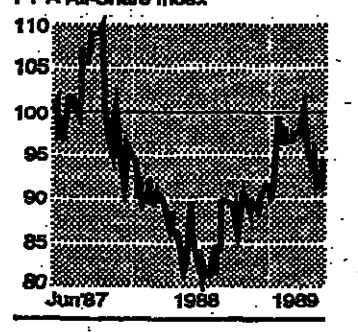
Courtaulds

Share price relative to the FT-A All-Share Index



BAT

Share price relative to the FT-A All-Share Index



However, sterling's strength against Far Eastern currencies, and the imports that this has attracted, have exacerbated the downswing in the UK textiles cycle. Hyde expects pre-tax profits to be down from £221m to £190m on Wednesday.

On the same day, BAT Industries produces its first quarter results for calendar 1989. Paul Burke of KBR expects its pre-tax profits to rise from a re-stated £277m to £315m pre-tax. BAT has been strong this week, and this year on the rising dollar, and the US contribution to these figures will be translated at $1.69/£ ($1.81 previously).

There have been certain concerns about the group's $5bn investment in the Farmers Group of California, and the effect of Proposition 103, by which the state is attempting to impose cut-price underwriting on local insurers. Some people were not too happy that BAT revalued its Farmers assets up by £1bn early this month; and that, on the next day, virtually all the principal provisions of Proposition 103 were upheld by California's Supreme Court.

BAT will argue that the returns it is making in California do not deserve to be cut. In the meantime, the Farmers results will come into the quarterly figures and, as Burke points out, their accounting treatment may be the wild card as far as his profits estimate is concerned.

The economic list will tell strategists something about saving on Tuesday, in the Building societies monthly figures for April. Ian Amsted, an economist with Chase Investment Bank, expects net new lending commitments by the societies to fall from £4.3bn to £4bn over the month, leaving a net inflow to savings of £750m.

They will hear about spending on Wednesday – New vehicle registrations and provisional Retail sales for the same month – and then try to make sense of the Balance of paymentsfigures on Thursday. The Chase forecast is a £1.4bn deficit on current account, and £1.9bn on trade, both figures showing a deterioration of some £200m compared with the month before.

Amstad says that the March figures may have been distorted by a sharp rise in "erratic" export items, like aircraft components and jewellery; that there may be a temporary deterioration in the oil balance, following on the Cormorant Alpha accident in the North Sea; and that April's imports may have been boosted in anticipation of a possible UK dock strike.

The other major result of next week comes from Britain's biggest property company, Land Securities, on Wednesday. Lands leads a mini-season of property company results, with MEPC and Imry Merchant Developers due the week after next.

Lands had nearly a third of its £4bn property portfolio in City of London offices as at March 31 1988. Analysts have been saying lately that there is a serious threat of oversupply in the City of London office market. However, Selwyn Jones and Graham Stanley of Hoare Govett say that well-located City office buildings are still performing reasonably well; and that Lands will produce a net asset value of between 830p and 850p at March 1989 against 668p a year earlier, with another rise of 12 per cent in prospect for the current year.

They note that Lands has about 3m sq ft of retail space which will be upgraded in coming years, and that the Central London office development programme has been substantially pre-leased.

■ A late addition to the list came from Plessey. Under siege from the combined acquisitive might of GEC and Siemens, the electronics group said that it will produce results on Monday. John Tysoe of Shearson Lehman is in print with an estimated 10 per cent increase in profits to £192m before tax, but he thinks now that he might have shot a little higher.

William Cochrane

Potential problem for PEPs

ANOTHER potential problem for investors in the new-style Personal Equity Plans (PEPs) has emerged. If you take out one of the stand-alone unit trust PEPs, with a maximum of £2,400, you may not be able to use the full annual allowance of £4,800 available.

The Inland Revenue has confirmed that investors are allowed to take out a PEP with only one plan manager each year. So if the plan manager only offers a unit trust PEP you may be denied the chance of buying individual shares under the PEP umbrella.

Unit trust groups and life insurance companies have been quick to jump on the PEP bandwagon since the Chancellor in this year's Budget raised the maximum amount that could be put into stand-alone unit or investment trusts from £540 to £2,400. The increased amount that can be invested, and the removal of several restrictions, has meant that stand-alone PEP unit trusts can be sold without any of the additional charges that previously tended to offset the tax-free concessions.

PEPs investing in individual shares have not gained in popularity to the same extent, however, as they remain rather complicated and a fairly costly way of dealing. So many groups offering unit trust PEPs may well not offer a share PEP as well.

David Glasgow, of Kleinwort Barrington, said his group had delayed launching a unit trust PEP so far because it feared denying investors the chance to use their full £4,800 entitlement if it was decided not to launch a share PEP as well.

Mary Blair of Fidelity admitted that unit trust groups had tended to keep rather quiet about the potential problem, since many of them did not necessarily want to launch a share PEP.

It is worth checking, therefore, before taking out a unit trust PEP whether the group will also give you the chance to buy additional shares as well. For example there will be no problems with Brown Shipley, which is introducing on June 3 two new PEPs which will give you the chance to invest the maximum amount possible. The Personal Choice version allows you to buy just one share of £4,800; two shares of £2,400 or one share of £2,400, plus one unit or investment trusts up to £2,400. Alternatively, with the Trustchoice version you put in a lump sum of £2,400 or monthly payments from £100 to £400 into one of five unit trusts, and put a further £2,400 into shares.

Capital House, investment arm of the Royal Bank, is introducing a unit trust only PEP, called Capitalizer, which offers the choice of investing in any three of its Income and Growth, Smaller Companies or UK Growth trusts. You can invest from a minimum of £500 per trust either by lump sum payments, or subscribe monthly, with a minimum of £30. Only the standard unit trusts costs are charged.

Prolific also will have no extra charges for its unit trust PEPs, in its High Income or Special Situations funds, available from July 3. Minimum investment will be £1,000.

Meanwhile the industry has until June 7 to comment on a consultative document issued by the Securities and Investment Board proposing new rules for selling PEPs. At present under the Financial Services Act PEPs cannot be sold by "cold calling" in the same way as unit trusts and life assurance products. But unit trust groups have pointed out that it is illogical, and against "best advice," not to be able to recommend what amounts to a tax-free unit trust.

As a result SIB proposes that "cold calling" sales of non-discretionary unit trust PEPs only should be allowed, subject to the same restrictions applying to unit trusts. In other words there should be a "cooling off" period, during which you can change your mind, and examples of the possible returns achieved should be based on standard industry rates.

John Edwards

New Lloyd's life assurance offer

ANYONE seeking term assurance contracts, either for himself or for someone in whom he has an insurable interest, should consider the contracts offered by the life syndicate at the Corporation of Lloyd's. The premium rates are usually competitive, the terms flexible and underwriting is on more of an individual basis than that operated by life companies.

You cannot approach a Lloyd's syndicate direct, however, for cover or even a quotation. All business has to done through a Lloyd's broker. Now the benefits of Lloyd's life cover are directly available to the public and non-Lloyd's brokers with the formation of the Lutine Assurance Services – a company jointly owned by seven of the eight Lloyd's life syndicates.

Lutine is based in Birmingham and will offer life business on the same basis as the syndicates. Anyone seeking term cover simply applies direct to the company. Since it does not have a branch network the transactions will be conducted by mail, telephone and fax.

The company intends its rates to appear on the various life assurance networks, so the growing number of financial advisers using the technology will know about Lutine and what its rates are.

The company has produced seven term-assurance plans, from personal cover to Inheritance Tax Protection and Key-Man Insurance. The policies cover not only payments on death but also permanent total disablement and payments on serious illness, such as heart attacks or the terminal stages of cancer.

One example shows the competitive rates offered by Lutine. For man aged 45 seeking £250,000 cover over five years, Lutine would charge £56.15 a month for a non-smoker, compared with £56 a month from Scottish Equitable, now one of the cheapest life companies in many term assurance products.

Eric Short

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Airflow Streamlines	Thursday	1.0	4.0	2.0
Apricot Computers	Tuesday	0.5	1.5	0.75
Associated British Foods	Monday	2.5	5.8†	2.8
BMSS	Monday	-	-	1.75
British Airways	Tuesday	2.25	4.65	2.5
British Borneo Petroleum	Monday	7.5	16.0	8.0
Castings	Thursday	1.4	3.6	1.75
Chamberlin & Hill	Wednesday	2.0	4.0	2.5
Chillington Corporation	Wednesday	2.6	4.4	3.0
City of London PR Group	Wednesday	-	-	-
Coloroll Group	*Tuesday*	2.84	3.98	3.04
Courtaulds	Wednesday	2.75	9.25	2.9
de Morgan Group	Monday	0.65	1.85	1.25
Downiebrae Holdings	Tuesday	-	-	-
Eastern Produce Holdings	Friday	2.5	7.5	2.5
Fairbriar	Tuesday	0.9	2.5	1.7
Gates Frank G	Tuesday	-	4.25	-
Hartwell	Wednesday	0.75	1.94	1.0
Hawtal Whiting Holdings	Friday	-	4.0	-
High Gosforth Park	Friday	-	15.0	-
Honda Motor Company	Wednesday‡	6	6	6
Isopad International	Friday	0.37	-	1.5
Jarvis Porter Group	Friday	1.4	2.6	1.4
Just Rubber	Tuesday	0.7	1.415	0.8
Land Securities	Wednesday	3.65	8.85	4.1
London & Overseas Freighters	Monday	-	-	-
Murray Technology Investments	*Tuesday*	-	0.4	-
NEC Corporation	Friday‡	4.5	4.5	4.5
Personal Assets Trust	Monday	-	1.0	-
Petrocon Group	Monday	-	-	-
Plessey Company	Monday	2.383	4.278	2.621
Premier Group Holdings	Monday●	50.0	90.0	60.8
Readicut International	Thursday	0.38	2.35	0.57
Southnews	Thursday	-	-	1.6
Stratton Invest Trust	Monday	-	0.3	-
Thames Television	Thursday	4.4	8.8	4.75
Toshiba Corporation	Wednesday‡	4	4	4
TR Property Invest Trust	Thursday	0.275	0.525	0.35
Trimoco	Tuesday	0.4	0.6	0.6
Vibroplant	Wednesday	4.25	8.25	1.02
Waverly Asset Management	Friday	-	-	-
Westbury	Thursday	1.75	3.75	3.0
Young & Co's Brewery	*Thursday*	4.5	4.7	4.7
INTERIM DIVIDENDS				
Acatos & Hutcheson	Friday	3.5	5.5	-
Alexanders Holdings	Tuesday	-	1.0	-
Archer AJ Holdings	Thursday	-	4.25	-
BAT Industries	Wednesday‡	7.6	12.5	-
Bett Brothers	Tuesday	1.4	2.45	-
Cauldon Group	Wednesday	-	-	-
City Site Estates	*Tuesday*	0.67	0.67	-
Compass Group	Tuesday	-	-	-
Countryside Properties	Monday	1.0	2.15	-
Dobson Park Industries	Thursday	1.9	3.6	-
Fairline Boats	Tuesday	4.0	9.5	-
F&C Eurotrust	Tuesday	-	2.0	-
Ferry Pickering	Friday	1.9	3.1	-
GPG	Friday	1.1	0.84	-
Greenall Whitley	Monday	2.75	4.5	-
Kelsey Industries	Friday	3.75	7.5	-
Kleen-E-Ze Holdings	Friday	6.0	6.0	-
Leeds Group	Tuesday	2.7	5.3	-
Moran holdings	Tuesday	1.0	2.0	-
Northern American Trust	Tuesday	1.4	4.85	-
Northern Indust. Improvement	Tuesday	5.0	12.94	-
Pericom	Monday	-	-	-
PWS Holdings	Wednesday	3.5	-	-
Radio City (Sound of Mersey)	Tuesday	-	6.0	-
Ranks Hovis Mcdougall	Wednesday	3.18	7.43	-
Scottish Investment Trust	Thursday	1.0	2.2	-
Shaftesbury	Tuesday	-	1.0	-
Smart J & Co	Thursday	1.6	4.2	-
Thornton GW Holdings	Thursday	1.75	2.5	-
Union Steel Corp. (S. Africa)	Monday●	-	13.0	-
Warner Estate Holdings	Thursday	2.0	4.25	-
Western Selection	Monday	1.7	2.0	-
Wheway	Monday	0.5	1.7	-
Wolverhampton & Dudley	Thursday	2.15	4.65	-
Yorkshire Television	Monday	3.0	6.6	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Japanese yen.● South African cents.‡ First quarter figures.† Second interim dividend.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.88	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica.	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	8.76	9.12	7.30	monthly	1	2,500	0
Provincial Bank	9.78	10.23	8.18	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.13	8.87	8.11	half yearly	4	-	0
8pc Treasury 1992	11.14	9.04	7.78	half yearly	4	-	0
10.25pc Exchequer 1995	10.82	8.03	6.47	half yearly	4	-	0
3pc Treasury 1990	9.48	8.71	8.24	half yearly	4	-	0
3pc Treasury 1992	9.04	8.21	7.71	half yearly	4	-	0
Index-linked 2pc1992§§	8.88	8.36	8.06	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source: Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

EMPLOYEES WHO have opted out of their company pension scheme – or decided not to join it – must take a decision in the next ten days which could affect their ultimate retirement income.

This is because the changes in this year's Budget introduced what is virtually a new tax regime for pensions.

Under it, employees can receive a full pension of two-thirds of their final salary from the age of 50 – providing they have completed 20 years of pensionable service with the scheme and the employer is willing to pay the extra cost involved. Previous Inland Revenue restrictions on early retirement pensions would no longer apply.

With this change, however, the new regime also imposes a £60,000 "ceiling" on earnings for pension tax purposes. The tax concessions offered by pension schemes would apply only to an employee's earnings up to this ceiling.

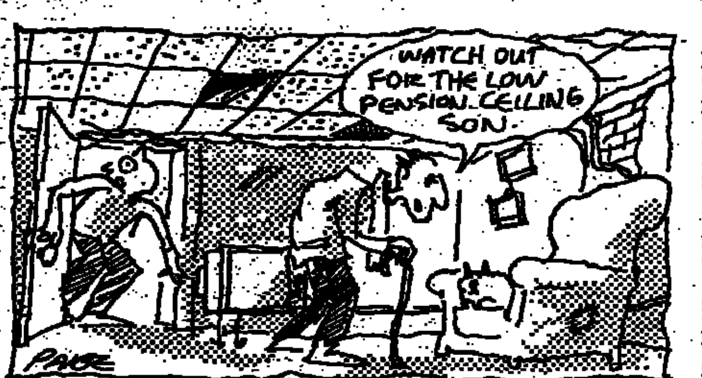
Pension derived from earnings above this ceiling would have to be provided either on a taxed basis or an unfunded basis. The Chancellor of the Exchequer did indicate that the ceiling would be revalued annually to allow for inflation.

The new regime applies to all schemes set up from Budget Day (March 14), and all new entrants to existing schemes from June 1. Existing members of company schemes and those joining before June 1 will still be governed by the old regime with no earnings ceiling – hence the May 31 deadline.

High-earning employees – who might be affected by the proposed "ceiling" now or in future but who are not yet members of their company scheme – have until June 1 to join the company scheme under the old tax regime and escape the "ceiling" restriction.

Eric Short on how the new tax changes will affect retirement plans

Countdown to pension D-day



Many employees may feel that they do not need to worry or make a decision yet – because they earn less than £60,000 and the ceiling is linked to inflation. However, employees should look to the future now and assess whether they may be affected at a later date.

The Finance Bill, currently going through Parliament, confirmed that the revaluation of the pensions ceiling would be based on movements in the Retail Price Index. This will not provide full protection against inflation, however, because salaries rise in line with the growth in earnings, not price increases.

Over the past 25 years, earnings have risen faster than prices – by 2.5 per cent a year.

If this trend continues, the level of the ceiling in relation to all employees' earnings will fall each year.

The pensions industry, led by the National Association of Pension Funds (NAPF), has been bombarding the Treasury with figures which show the impact of the faster rise in earnings.

The accompanying table shows the current earnings levels at different ages which will reach the equivalent of the £60,000 ceiling by the age of 65 – assuming growth in earnings of 2.5 and 4 per cent above the Retail Price Index.

Employees whose present earnings are above these critical levels can expect the ceiling to affect their ultimate pension before they reach retirement.

Earnings at given ages equivalent to £60,000 (in 1989 levels) on retirement at age 65

Present Age	2½% real growth	4% real growth
65	60,000	60,000
60	53,000	49,300
55	46,900	40,500
50	41,400	33,300
45	36,600	27,400
40	32,400	22,500
35	28,600	18,500
30	25,300	15,200
25	22,300	15,200
20	19,800	10,300

They should also bear in mind that the first column applies to the average growth of earnings, but many employees will do better than average – possibly from promotion or from being in a prosperous industry. The second column therefore assumes a 4 per cent growth over price increases, which brings the critical earnings levels down appreciably, particularly for younger people.

For comparable figures for retirement at 60 instead of 65, simply add on five years to the ages shown in the table.

The Chancellor also hoped employers would give members of existing schemes the opportunity to switch to the new regime.

Employers cannot make any decision, however, until full details of the Inland Revenue requirements are known. It is very likely that employees in company schemes under the old regime will be given the opportunity periodically to switch to the new regime. But a reverse switch will not be possible.

So if employees ultimately intend to join their company scheme, there is little to lose and perhaps much to gain by joining before the deadline.

These arguments apply with even more force to family firms providing pensions through an executive pension arrangement, known as a Small Self-Administered Scheme.

It is quite common for sons and daughters not to join the scheme until the parents have virtually relinquished control to their offspring.

This delay could well be fatal. All potential members should be brought in immediately.

THERE was good news this week for employees making high payments into an AVC (Additional Voluntary Contribution) plan to boost their pensions. The Government announced a reversal of its policy on employee contributions into a pension arrangement.

The introduction of the £60,000 ceiling in the Budget meant that an absolute limit of £9,000 was imposed on the amount of contributions an employee could make to a company pension arrangement, including AVCs. But the real shocker was that this limit would apply as from the current tax year.

The pension industry and the Confederation of British Industry protested strongly to the Treasury that this was retrospective legislation.

In this instance, the protests have borne fruit. A letter from Norman Lamont, Financial Secretary to the Treasury, to John Banham, the director general of the CBI, said that an amendment would be made which would make the ceiling on contributions applicable only to new schemes and new members joining existing schemes from June 1.

Now executives and other high earnings can continue with their existing pension planning arrangements.

Indeed, executives still not in an existing company scheme now have an added reason for joining one before June 1 so that their AVC arrangements will not be subject to the ceiling.

John Edwards

Policy holders 'miss tax relief'

MANY taxpayers who took the old-style pension plans before they were phased out last June may not be claiming tax relief, according to Neville Russell, the chartered accountant group.

Chris Jones, director of the firm's tax consultancy division, said thousands of people could end up paying too much tax because they have either got the wrong annual tax return form or else have no return at all.

Many people who took out these personal pensions (known as section 226 plans or retirement annuity contracts) for the first time last year may not realise that they had to inform the taxman specificially about the policy.

If the Inland Revenue was not informed, it automatically sent out a standard tax return form, which had no space to claim relief on the retirement annuity.

Those entitled to relief should receive a non-standard two-tone brown coloured form. If you were eligible to claim carry back relief for the previous tax year(1987/88), an additional form, number 43, was required.

According to the Association of British Insurers, more than 990,000 old-style personal pensions were sold in the first six months of 1988 following a massive promotional campaign by insurance companies urging people to beat the June 30 deadline.

By doing so, they would avoid the restrictions included in the new-style personal pensions, notably on the size of the tax-free lump sum that could be taken.

Until April last year, personal pensions could only be bought if you were not in a company scheme, but for nearly three months from April to June the old-style retirement annuities became generally available to those leaving their companies' schemes and transferring to a personal pension.

Jones believes that many first-time buyers of retirement annuities, who were rushed into buying before the deadline, may have forgotten to send the Revenue the tax relief form, SEPC.

This was often supplied by the insurance company months in arrears. As a result, people received the wrong tax return form.

Although officially the annual tax return form should be returned within 30 days, if you think you are not getting your proper tax relief, you should contact your local tax office.

John Edwards

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Antler	314	314	203	18.40	Wassall
Boase Massimi	345*§	366	304	118.49	BDDP
Boase Massimi	365*	366	343	125.35	Omnicom
Chamberl'n Phipps	220	215	154	82.72	Evode
Chambers & Fargus	150*§	147	148	7.23	Karlshamns
Gateway	195*	193	184	1.73bn	Isosceles
Hebit Precision	65§	68	70	8.70	Epicure
Keep Trust	550*§	533	513	53.8	Fitzwilton
Lambert Howarth	156§§	194	150	8.81	Black (Peter)
M6 Cash & Carry	155*	150	142	13.02	Fitzwilton
Magnet	300*	295	269	548.22	DMWSL
Marler Estates	*100*	*101*	*96†*	*78.31*	*Conrad Hldgs.*
Tootal	141§	129	132	399.06	Coats Viyella
WA Hldgs.	52	50	41	19.82	Haden MacLellan

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Un- conditional.**Based on 2.30pm prices 19/5/89.†At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Addison Tool	Dec	962	(573)	-	(-)	-	(-)
Allied Lyons	Mar	502,000	(436,100)	43.7	(38.3)	15.0	(13.0)
Appleby Westward	Feb	1,620	(960)	18.6	(12.1)	6.5	(-)
Bank of Ireland	Mar●	128,500	(108,900)	33.1	(30.2)	12.5	(11.7)
Berry Birch	Jan	375 L	(622)	-	(9.9)	1.5	(4.5)
Bisichi Mining	Dec	132	(107)	6.97	(0.88)	0.51	(0.47)
Cakebread Robey	Dec	946	(554)	10.4	(6.1)	4.1	(3.8)
Calor Group	Mar	60,100	(64,400)	24.2	(26.0)	17.6	(16.0)
Chelsea Artisans	Dec	107 L	(224)	0.9	(8.3)	1.0	(1.0)
Elliott B.	Mar	4,440	(2,231)	10.0	(5.69)	3.6	(3.3)
Fine Art Develop	Mar	22,630	(20,240)	19.4	(16.8)	7.75	(6.8)
Foster John	Mar	3,430	(2,271)	32.6	(23.7)	5.5	(4.75)
Gerrard & Nat.	Apr##	1,700	(7,000)	-	(-)	18.5	(18.0)
Gieves Group	Jan	2,060	(1,690)	13.5	(11.6)	5.0	(4.2)
Glamar Group	Mar	164 L	(1,060)	-	(9.24)	2.0	(6.7)
Globe Investment	Mar	27,080	(24,573)	5.1	(4.72)	4.98	(4.51)
Harding Group	Dec	1,250	(1,033)	7.15	(6.05)	2.75	(-)
Holmes Protect.	Dec‡	9,300	(12,400)	13.3	(18.0)	3.2	(3.1)
LEP Group	Dec	18,480	(11,100)	11.5	(7.4)	4.75	(3.9)
MIL Research	Jan	2,610	(1,790)	15.4	(13.0)	4.6	(3.3)
Nu-Swift	Dec	30,760	(24,410)	38.3	(27.6)	15.0	(10.0)
Ocean Wilsons	Dec	8,020	(7,550)	2.68	(2.65)	2.5	(2.5)
Oglesby & Butler	Dec●	920	(773)	6.91	(6.53)	2.156	(1.29)
Quadrant Group	Feb	4,420	(2,140)	15.2	(11.5)	3.6	(2.8)
Rechem Enviro.	Mar	8,750	(4,510)	21.5	(11.2)	8.5	(4.5)
Sainsbury J.	Mar	375,160	(308,470)	16.7	(13.6)	5.05	(4.2)
Seafield	Dec●	1,000	(762)	6.2	(6.2)	0.2	(-)
Select Appoints.	*April*	*5,810*	*(1,910)*	20.1	(9.4)	3.5	(2.5)
Third Mile Inv.	Dec	409	(384)	10.1	(12.6)	3.35	(3.3)
Vivat Holdings	Dec	12,680L	(3,270)	-	(5.51)	-	(2.7)
Warner Howard	Feb	4,240	(3,250)	12.5	(9.66)	3.75	(3.0)
Whitbread	Feb	223,200	(187,600)	36.0	(29.3)	12.55	(10.5)
Witan Investment	Apr†	11,310	(9,750)	-	(-)	3.125	(2.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Baggeridge Brick	Mar	4,150	(2,570)	0.75	(0.62)
Bass	April	288,600	(197,000)	7.0	(5.4)
Blenheim Exhibitions	Feb	3,510	(1,430)	4.0	(2.4)
Capital Radio	Mar	6,680	(3,660)	6.0	(3.0)
Carrs Milling Indust	Mar	760	(990)	1.75	(1.75)
Concentric	April	3,950	(2,610)	2.81	(2.34)
Crystalate Holdings	Mar	2,290	(1,680)	2.2	(2.1)
Daily Telegraph	Mar*	8,800	(6,718)	-	(-)
Diploma	Mar	9,860	(9,080)	2.25	(2.0)
Exploration Co.	Mar‡*	554	(685)	-	(-)
GWR	Mar	406	(354)	3.0	(-)
Hanson	Mar	447,000	(355,900)	2.5	(1.8)
Holmes & Marchant	Mar	3,200	(1,900)	3.0	(2.45)
Keystone Investments	Mar©	401	(518)	3.0	(2.5)
Kunick	Mar	3,340	(1,876)	0.5	(0.4)
Metro Radio Group	*Mar*	693	(369)	1.25	(0.5)
Midsummer Leisure	Mar	4,550	(2,810)	1.2	(0.8)
Morland & Co.	Mar	2,110	(3,080)	3.15	(2.8)
NFC	Mar	32,600	(21,100)	2.45	(1.7)
Overseas Invest. Tst	Mar©	512	(283)	0.7	(0.5)
Parkway Group	Mar	3,730	(1,580)	1.25	(1.0)
Perpetual	Mar	766	(1,580)	0.8	(0.8)
Priest Marians Hldgs	Mar	13,590	(3,000)	-	(-)
Royal Insurance	Mar¥	44,700	(53,200)	-	(-)
SAC International	Feb	1,360	(1,770)	1.5	(1.5)
Summer International	Mar	1,010	(225 L)	0.5	(-)
TMD Advertising	Feb	1,100	(600)	1.5	(-)
Tomkinsons	April	1,810	(2,140)	3.5	(3.0)
UK Land	Mar	4,430	(6,990)	-	(-)
Ultramar	*Mar‡†*	32,200	(13,900)	-	(-)
Unilever	Mar¥	342,000	(314,000)	-	(-)
Vaux Group	Mar	11,850	(9,875)	2.59	(2.16)
Warringtons	Mar**	1,030	(630)	1.0	(-)
Wheessoe	April	1,520	(760)	1.25	(1.0)

(Figures in parentheses are for the corresponding period.)
Dividends are shown net pence per share, except where otherwise indicated. L = loss.¥ First quarter figures.● Irish punts & pence.© Net revenue.‡ US dollars & cents. Figures for three months.† Net profits.## After tax profits.** Last years figures for 9 months.

RIGHTS ISSUES

Concentric is to raise £7.1m via a one-for-seven rights issue at 260p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Community Hospitals Group is to join the main market via a £20m flotation which values the company at £43.53m

Faupel is to join the USM later this month via a placing that will capitalise it at about £9.5m.

FINANCE & THE FAMILY

Beverley Chandler looks at two offshore-based funds launched by Scimitar

Dipping into futures investment

SCIMITAR, the investment arm of international bank Standard & Chartered, is dipping a toe into the traditionally muddy waters of futures investment. Scimitar, which is offering investors two offshore-based futures funds, is the latest "respectable" name to enter this sector and give it added credibility.

John Kirkham, director of Scimitar, said that launching a futures fund reflected the fact that investors remain nervous about the traditional equity and bond markets, and futures had the potential for the greatest capital growth out of any other investment medium.

Successful trading in futures contracts relies on an ability to predict the future price of anything from commodities to international interest rates. Futures prices can be extremely volatile, since trading is conducted on only a margin of the total amount committed, so you can make big rewards or huge losses. Hence the image of futures exchanges as investment casinos only for those with a gambling mentality and deep pockets.

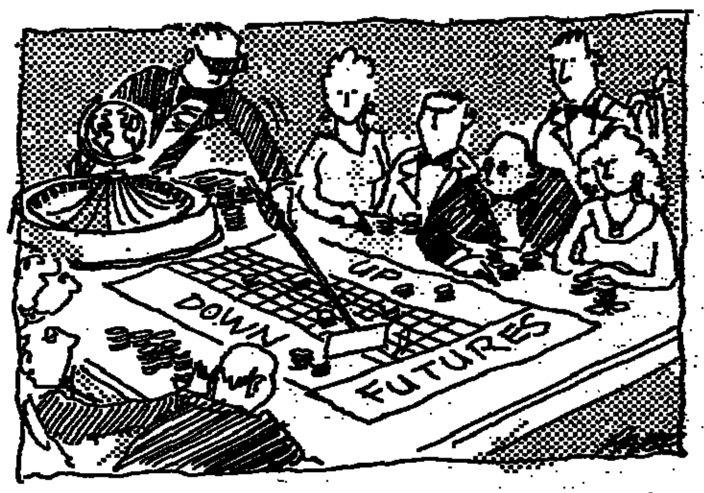
However, the use of sophisticated trading systems to spread risk and limit losses can iron out many of the ups and downs of the market and still achieve very much higher net returns than equities, even after paying heavy charges.

For example, the Mint funds, sponsored in the UK by E. D. & F. Man, commodity brokers, have set the performance pace since being set up in New York six years ago. The first Mint fund has gained more than 200 per cent in value since its inception.

In 1985 Mint produced a new futures vehicle, a guaranteed fund. If the sincerest form of flattery is imitation, then the guaranteed concept is much admired, as it has spawned many versions since.

The idea is simply that the investor's lump sum is partly invested in zero coupon bonds or fixed interest securities that will repay the lump sum within a known, specified, period of time: say, five or six years although this depends on current interest rates and the proportion set aside. The remainder of the money is invested in the futures market with the aim of achieving the high capital return possible by trading on margin.

If the futures investment turns out badly and all is lost, the investor is secure in the knowledge that his only real loss is the interest he could have earned from putting the invested money on deposit instead.



Last year Hugh Dumas and Tim Ireton, who were involved in setting up the Mint operation, founded London Portfolio Services and launched a guaranteed futures fund registered in Bermuda. The ubiquitous duo turn up again as product advisers to the new Scimitar Guaranteed Fund, along with Cargill Investor Services and its computer-based trading system Optacis, which selects the most suitable trading advisers (fund managers) for the fund.

Scimitar made the liaison with London Portfolio Services because "we did not have the expertise to get up the learning curve quickly," said Kirkham.

The Scimitar fund is a closed fund, which means that once the hoped-for target of US$40m investment is reached during the offer period, which ends on June 30, the fund will remain closed for its lifespan of seven years.

As with most futures funds, the minimum investment is high: US$25,000 (£15,000) for direct investment or US$10,000 through the Scimitar nominee service. You cannot cash in the investment within the first six months and after that there is a 2 per cent flat fee for early redemption.

The fund will have a 55 per cent investment in zero rated coupon bonds and 45 per cent in futures. On a trial run through the Optacis system, the investment model showed a growth of 33 per cent per annum through investment in futures contracts linked to a wide range of commodity markets, from metals to agricultural products. But, of course, this was only a trial and is not quite the same as putting it into practice.

Futures trading advisers do not come cheap. Indeed their charges are in a different league when compared with the costs of dealings in equity markets. As a result the fund makes an annual charge of 6 per cent of the 45 per cent used for futures trading. In addition, on a quarterly basis the trading advisers are paid 15 per cent of any achieved profits, provided that they exceed the previous peak performance.

The second futures fund to gain the Scimitar name is the Futures Management Fund, also run out of Bermuda since 1984 by Bill Grandy. Renamed Scimitar Futures, this fund has no guaranteed element, but a maximum of only one third of the fund can be invested in financial, soft commodities and metals futures contracts.

All futures funds in the UK are unrecognised offshore funds although moves are afoot to allow authorised unit trusts for futures trading to be introduced, subject to special restrictions on their management and marketing. Kirkham promises that "the minute futures funds are allowed as unit trusts, we will launch one."

Meanwhile UK resident investors who wish to invest in an offshore futures fund will have to look after themselves. Choose respectable companies with a reputable name in Britain to protect and bear in mind that high reward does not come without its partner, high risk.

John Edwards on Japanese share warrants

A chance to speculate

A CHANCE to speculate in the highly volatile Japanese share warrant market, without risking your original capital investment, is offered by a Bermuda-based fund, which is open for subscription until June 30.

However, the guarantee only applies if you retain your investment for seven years until the fund is liquidated. Taking a leaf out of the method used by guaranteed futures funds, the managers of the fund — long-windedly called the KYZ Japanese Equity Warrants Guaranteed May 1996 — will put a sufficient proportion of your total investment into zero coupon US Treasury Bonds which in seven years will be worth the equivalent of your initial investment.

The balance, roughly 50 per cent, will be used to trade in Japanese share warrants. Gartmore Luxembourg, which already manages a successful Japan Warrant Fund, will be the investment manager, but will have Antos Glogowski of Daiwa Europe as a special adviser.

Ian McIntosh of KYZ Guarantee Ltd, says the fund is aimed at meeting their objective of providing potentially high performance with low risk. Japanese share warrants can give above-average returns, because of the high gearing element, and the investment in US government-backed zero coupon bonds means there is no risk of losing the original capital.

However, this does not mean locking money away for seven years. Investors are entitled to withdraw at any time after six months, although the amount they receive depends on how well the fund performs in warrants trading as well as any change in the value of the zero coupon bonds.

The fund also provides a mixture of currencies, with one part invested in Yen holdings and the other in US dollar bonds.

Minimum investment is $30,000 (£18,000), but there are special nominee facilities for use by smaller investors pooling together their funds through a nominee company. The fund cannot be generally promoted in Britain, since it is not authorised, but it can be sold to professional advisers. Sole UK agents UK are Cornhill Management.

Top performers

BRAZIL funds were the top-performing offshore funds in the year to May 1, according to the latest figures from Micropal. After conversion into US dollars, the Brazil Fund gave a return of more than 244 per cent during the past year, including an extraordinary gain of 43 per cent in April. Brazilian Investment was not far behind with a yearly return of $210 per $100 invested.

The other 25 top-performing offshore funds during the past year were mainly Far Eastern and Japanese, while at the other end of the scale the worst performers were primarily gold and Swiss Franc bond funds.

Japanese and Far East market funds were also the top performers over the past five years, while gold and Australian funds were the worst performers.

J.E.

Anthony Casswell on forward planning for CGT

Scope for saving

WHEN INDEPENDENT taxation for married couples starts next April, it will apply to capital gains as well as income. There will be scope for tax saving and actions which should, or should not, be taken in the meantime.

At present the first £5,000 of the combined net capital gains of spouses are exempt, any excess being taxed as the top slice of the husband's income, at between 25 and 40 per cent, as appropriate.

Starting from April 6, 1990, the good news is that you and your spouse will each enjoy a capital gains exemption and you will be taxed separately on any excess gains: if you have allowable losses you will be able to carry these forward to offset against gains in future years.

The bad news is that after next April it will no longer be possible to offset the losses of one spouse against the gains of the other.

Capital gains were first taxed at the same rate as income two years ago, since when the annual exemption has been pegged at £5,000. So this level appears to be appropriate for planning purposes. When calculating your gains, assets acquired before March 31, 1982, can be rebased to values on that date, since when they can also be increased by indexation. By March 1989 this would enable you to add up to 41 per cent to your costs of acquisition.

If you have substantial capital gains to realise, you should try to use your combined £5,000 exemption to the full this year and perhaps delay further *disposals until 1990-91.*

In the meantime you can transfer assets between you so that:

■ You can use both of your exemptions in 1990-91 and later years;

■ Gains above the exemptions are realised by a spouse with carried forward losses;

■ Any further gains are realised by a spouse who is a non-taxpayer or who will pay CGT at basic rate, rather than the higher rate for income tax.

If you are a higher-rate taxpayer and your spouse has no income, you can transfer assets for disposal after April 6, 1990 and achieve a considerable saving in tax.

For example, at 1989-90 levels, if your realised capital gains are £33,485, you will pay CGT on £28,485 at 40 per cent, which is £11,394. Now suppose that assets carrying gains of £28,485 are transferred to and subsequently disposed of by your spouse. After a second exemption of £5,000 and a single allowance of £2,785, basic rate tax at 25 per cent on the remaining £20,700 will incur CGT of £5,175 — a reduction of £6,6219 on the £11,394.

This is the maximum annual CGT saving possible at 1989-90 levels. But if inflation is still 7 *per cent by the end of 1989,* indexation for 1990-91 would increase the amount which could be transferred efficiently to £30,200 with the CGT saving up to £6,530.

In fact, there will always be more potential to save tax through the capital gains route than by the transfer of income, because of the second capital gains exemption available : if this remains at £5,000 and higher-rate tax remains at 40 per cent, the maximum annual CGT saving will be £2,000 more than is possible through transfer of income.

So, if you are a higher-rate taxpayer and you have substantial gains to realise, you should consider dealing with this problem first and then transferring income-producing investments to your spouse later.

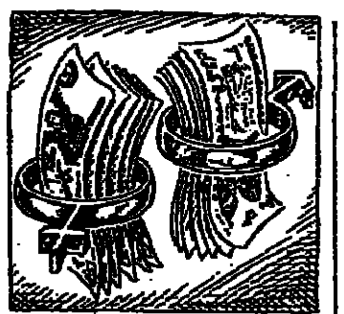
Until this year's Budget you could defer, and possibly eliminate, CGT by making gifts and rolling over your capital gains to the recipient, who took over your acquisition value. Broadly this only applies now to gifts into discretionary trusts and gifts of business assets.

Substantial CGT retirement relief is available if you dispose of your family business or company after reaching the age of 60. Your spouse can also qualify for this relief subject to working in the business and owning part of it.

There is no capital gains at death but if you make a gift which is a potentially exempt transfer (PET), and you die within seven years, your beneficiaries could be faced with paying inheritance tax (IHT) in addition to any CGT that you may have paid.

There is no CGT or IHT on transfers between spouses and no reason why one partner should not transfer an asset and the other one subsequently dispose of it, provided that the transfer and disposal are entirely separate operations.

You should, therefore, check your capital gains position and plan accordingly. If you have a good share portfolio with dividends which may be expected to increase over the years, you may wonder whether you need bother about CGT at all. But if you ignore it problems may arise if you wish to increase your incomes or pass assets to your family in retirement.



INDEPENDENT TAXATION FOR MARRIED COUPLES

EXPATRIATES

Icing on the cake

IMPORTANT CHANGES will be introduced next April which will curtail, or even eliminate, the British tax liability of many overseas residents who derive income from the UK.

Some types of income are already not taxable when received by persons who are neither resident, nor ordinarily resident, in the UK. These include: commercial pensions earned largely overseas; interest from certain British Government securities (gilts); and interest from banks and building societies, where declarations of non-residence have been completed. Double taxation treaties may exempt other items too.

Nevertheless many UK non-residents are payers of British tax. However, since they are often not entitled to any personal tax reliefs, they face paying tax on the full amount of their assessable UK income.

Furthermore the rule permitting British subjects and certain others to claim proportionate reliefs, based on the ratio of their UK income to their world income, has been of little help in recent years. The calculation has been made in such a way that all benefit was eliminated for anyone whose non-UK income was of any substance.

In any event, many expatriates experience a marked lack of enthusiasm at the thought of baring their financial souls to the UK taxman.

Consequently, it is excellent news that from the beginning of next tax year all of these complications will be swept away. Provided that you fall within one of the following categories, you will be entitled to the same reliefs from tax as if you had been a UK resident. Your overseas income will no longer be relevant and, therefore, will not need to be declared.

The categories are:

(1) citizens of the UK, British Commonwealth countries or the Republic of Ireland;

(2) anyone who is or was employed by the Crown, or is the widow or widower of such a person;

(3) anyone employed by any Missionary Society in, or the government of, any territory under the Queen's protection;

(4) residents of the Isle of Man or Channel Islands;

(5) anyone who previously resided in the UK, but now lives abroad for the sake of their health or that of a family member resident with them.

Similar tax treatment will be given to the residents of many countries with which the UK has a double taxation treaty. However, these claimants might find that the reduction in their UK liability provokes a more or less commensurate increase in the tax payable overseas.

The availability of tax relief allowances will, of itself, improve very considerably the position of many non-residents in receipt of UK income. But the planned new rules for the independent taxation of husband and wife also coming into force next April will be icing on the cake.

On the basis of current rates, husband and wife will each be able to receive UK income of £2,785 annually without liability to tax. Furthermore, a married couple's allowance of £1,590 a year will be granted primarily to the husband, but is transferable to his wife to the extent that he has insufficient income to make use of it; provided that the wife too falls within the five categories or is a UK resident.

These allowances rise in steps for those over the age of 65 or 75 whose total UK income does not exceed £11,400. All of these figures will be adjusted for inflation once more before the new procedure comes into effect.

So, if your UK income is of a nature which permits you and your spouse to improve the situation by reallocating it between you, careful thought should be given to doing so.

Obviously, if only one of you is eligible for the reliefs, the UK income would better be received by that one. However, it frequently occurs in the case of expatriate spouses that one of them (usually the wife) is resident in the UK while the other is not. In these circumstances it should not be overlooked that transfers from the non-resident to the resident could have the effect of bringing the assets concerned within the scope of Capital Gains Tax.

You should also bear in mind that special rules apply to assets held jointly. Generally, the income will be treated as belonging to the spouses equally. But if the beneficial interest belongs only to one, or to both but in unequal shares, that fact will be recognised by the Revenue provided a declaration to that effect is submitted to them. But the Revenue will disregard any claim that the income is to be divided differently from the beneficial interest in the underlying assets.

The beneficiaries of the Treasury generosity will be many and varied. For example, if you and your spouse this year achieve a profit of £7,600 from letting your jointly-owned property, the likelihood is that you will have a tax bill of £1,900. But if, as seems possible, inflation increases the personal allowances by 7 per cent from this year's levels, in 1990-91 your contribution to the Exchequer on a similar profit would be nil.

Many an emigrant living on a UK pension will have cause to be grateful too, while those who have retained British equities or unit trusts may be able to add freedom from Income Tax to the Capital Gains Tax exemption they have long enjoyed.

All of which is very satisfactory. But remember that the Revenue will not extend this treatment to you automatically. The onus will fall on you to prove your eligibility for the tax reliefs.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing.

Share option dilemma

I AM an employee of company A which will, should the bid be successful, be taken over by company B. Company A has contracted to sell me, at a certain price, a certain number of shares at a later date, should I so opt. Are there any obligations on the part of company B to fulfil this contract in any way? How can they sell me shares which no longer exist? What is customarily done by both "good" and "bad" companies in this respect? I must say that neither A nor B are renowned for their good employee relationships.

■ You would have to examine carefully the terms of your share option. If there is no express provision for the situation which has arisen (or for a merger or reconstruction) it may well be that your option will become valueless. Some companies make special provision for this problem on a takeover bid by offering new share options.

Accident query

Some 12 years ago I was involved in a car accident which left me severly disabled. I was a passenger in the car travelling over a dual carriageway flyover which was in a very icy condition when the car skidded on black ice and crashed into a lamp-post.

I claimed my compensation through the driver's insurance and received an out-of-court settlement some 18 months later.

It was shortly after this that I learned that road conditions were bad because the road had not been gritted all day as council workers had been on strike and there had been extremely bad weather resulting in other accidents around the time of my own.

I therefore feel that there was some negligence involved on the part of the council and wonder if, even after this considerable time, I could make a claim against them?

■ Even if you had a claim, which is doubtful, the lapse of time since the accident would prevent your pursuing it now. The statutory limitation period for personal injury claims is three years.

Paying the mortgage

My son is buying a small house and is finding it difficult to pay his mortgage. At present, he cannot afford to live in the house without being over-stretched.

1. Would it be illegal to rent the house for a couple of years to help pay the mortgage?

2. How does it affect the house insurance and will the interest rate rise if he rents it out?

3. If he went abroad, would he have to pay tax on the rental income?

■ 1. No. He should, of course, consult a solicitor if he decides to go ahead with the idea.

2. Whether the interest rate goes up or not is a matter for the building society to decide (assuming that it is a building society you are talking about). It is quite likely that his particular society will put the rate up — but practice varies from one society to another. He should ask the society's local office.

Similarly, he should ask his insurance company whether the rate for the contents insurance will be increased if the house is let. Here again, the answer is likely to be yes.

3. Yes: the tenant will deduct 25 per cent tax from the rent, unless the rent is collected by an agent (professional or unpaid). If the rent is collected by an agent the tenant will not deduct tax, but the agent will be assessed for tax on your son's behalf.

A free explanatory booklet, IR27 (notes on the taxation of income from property), is available from tax inspectors's offices. The text of extra-statutory concession A27 (Mortgage Interest Relief: Temporary Absences from Mortgaged Property) is obtainable by sending an SAE (DL size) to the Inland Revenue Press Office, Somerset House, Strand, London WC2R 1LB. Ask for a copy of the annex to the press release dated March 20 entitled Civil Servants Posted Overseas: Mortgage Interest Relief. Even though your son is not a civil servant (presumably) does not matter: the concession applies to other people as well.

Portfolio's tax charge

I would be grateful if you would let me know how an investment portfolio of £250,000 would be dealt with by capital gains tax and inheritance tax on the death of the present owner. Apart from the investments there is a share in property worth about £40,000. If the investments were sold now there would be a tax liability for capital gains of about £40,000. Would there be a charge of both these taxes against the investment portfolio?

■ There will be no capital gains tax liability upon the owner's death. Capital gains tax on death was abolished in 1971. If the portfolio includes non-qualifying offshore funds, deep-discount securities or deep-gain securities (as defined in schedule 11 to the current Finance Bill, summarised in the FT of April 14), there will be an income tax charge on the gains accruing up to the date of death.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Losing out over refund

During our first year in business, 1984-85, we sustained a trading loss but on the advice of our accountant we were paying Class 2 national insurance contributions by standing order. In due course we received our tax refunds but in spite of repeated requests we have been unable to obtain the refund of Class 2 contributions.

The only reason we have been given so far, by a counter clerk, was that no refund can be allowed because we paid by *standing order* instead of buying NI stamps at the Post Office.

We have been unable to obtain written confirmation of this. In fact, after repeated requests the DSS has not written to us at all on this matter.

■ You have no entitlement to a refund of Class 2 contributions: the rules require you to claim exemption in anticipation of a loss-making year, not after the year is over. You can confirm this by picking up a leaflet on Class 2 contributions at your local social security office or Post Office.

You may like to invite your MP to write to the social security office, asking them to have the courtesy to reply to your simple inquiry. MP's letters often get more prompt attention from civil servants than letters from mere members of the public.

MINDING YOUR OWN BUSINESS

Ian Hamilton Fazey meets two venture capitalists who chose to strike out on their own

Dispensers join the supplicants

Alan Harper

Paul Gilmartin, managing director of Yorkshire Venture Capital

PAUL GILMARTIN is quite shamefaced when he tells how he got the money together two months ago to launch his own business.

"I did the worst of all possible things," he says. "I went to the Yorkshire Bank because it was the local one and stumbled in to see the manager at 12 hours notice. I had no business plan; in fact I had nothing in writing at all. I behaved like *the sort of people I wouldn't* even interview if they tried to see me when I worked for Investors in Industry (3i).

"I wanted to borrow £25,000 without security. I had no evidence whatever of why I needed the money. The manager asked me to give him in an hour to think about it. He rang me later to say, 'yes' . . ."

Gilmartin dropped out of a large, national business to set up his own small business in the same field. He is a venture capitalist — someone who backs small or growing businesses, usually with pension fund money, in the hope of eventual capital gain. He is going to manage a fund of more than £10m in Sheffield.

Across the Pennines in Manchester, Peter Folkman, a contemporary, is doing something similar. If all goes well he is pitching to manage a £20m fund.

Such sums may seem large. But they are not turnover — they are the feedstock of the businesses. Both men will get their revenues from small commissions charged to investors. They hope to make serious money eventually through investing their funds' monies well enough to make big capital gains for their investors, triggering reward-related sums for themselves.

Until then they will each quite definitely be minding *their own businesses.*

The similarity between them goes further. Gilmartin, who is 47, has just resigned from 3i, where he was Sheffield regional director. Folkman, Gilmartin's predecessor until seven years ago, ran the larger regional 3i office in Manchester.

It would not have taken the Yorkshire Bank long to find out that Gilmartin was probably a good bet for an unsecured loan of £25,000. He needed the money to register with the regulatory body, Investment Management Regulatory Organisation (£2,500); to set up with £5,000 of share capital (an IMRO requirement); to buy his Volvo 700 series estate car from 3i for £10,000, and have something left for pre-start running expenses.

Folkman, aged 43, looked as though he was being groomed for greater things with 3i, having been sent on an advanced management programme at Insead, the French management school, only 18 months ago. However, both men had realised that further promotion would almost inevitably mean a move south, with loss of quality of life (in their view) and disruption to their family life.

Peter Folkman, of North of England Ventures

Alan Harper

But it was the clear evidence of the recovery of the northern economy along the M62 corridor between the M6 and the A1 that encouraged each of them, individually, to put to work for themselves their profession of picking winners.

Notwithstanding Gilmartin's cavalry charge style of money-raising with the Yorkshire Bank, small business owners everywhere will take delight in there being a little of "the biter bit" about their leaps onto the entrepreneurs' side of the fence. These are men long used to financing the dreams and business plans of hundreds of others who crossed this divide before them. From being dispensers, they have become supplicants. From being fully supported senior executives, they have discovered the do-it-yourself world of small business. As Gilmartin puts it: "I didn't have to make my own tea, which I now have to do."

Folkman says: "I had to spend a couple of days mastering PAYE and National Insurance. I haven't got round to Statutory Sick Pay yet. I hear that people are never sick in small businesses and I hope that's how it will be with us. It was quite interesting to learn how to get motor cars taxed.

"The big shock was to realise how dependent you are in big business — and how your perceptions differ. A week is a very long time indeed in small business. At 3i I would have said that a week is not a very long time in which to consider a venture capital deal, but I would never say that now after waiting on tenterhooks for pension funds and big institutions to make decisions on whether or not to put their money into my fund."

Gilmartin is setting up in Don Valley House, a former Sheffield Forgemasters office block. He is taking a whole floor and sub-letting what he does not need to the Sheffield Development Corporation, which already has two floors. He will share his office with Neil Turner, a professional non-executive director of small and medium-sized businesses who is joining Gilmartin's board.

Folkman has taken a large suite of offices in Cheshire House, Manchester, where he has installed his secretary — she moved with him from 3i — and Kelvyn Derrick, another refugee from big-company senior management who has joined him as a partner from the EIS Group. He expects to employ four or five, while Gilmartin — who has hired Brian Redhead, the broadcaster, to launch his new fund at a party next month — hopes to stay smaller.

They expect to be in competition for good small investments. But, judging by the way the venture capital industry works, they will probably find themselves in the same syndicates for bigger deals.

They have already clashed. Each wanted Christopher Barker, one of the most experienced corporate solicitors in the north and a partner at Dibb Lupton Broomhead, as a non-executive director. With Broomheads the biggest firm of solicitors in Sheffield, and its merger last year with Dibb Lupton of Leeds making it a Yorkshire-wide institution, it is probably not surprising that Gilmartin, on the Yorkshire side of the Pennines, was the winner.

Folkman's fund is sponsored by J. Henry Schroder Wagg, the London merchant bank, and Rickitt Mitchell, the Manchester corporate finance boutique, so he is not short of heavyweight backing. Developments in both these new businesses are being watched with interest by the north's growing financial community.

A question of who minds the shop

WITH CRUEL incisiveness Lancashire mill folk in the great days of the cotton industry used to talk of "Clogs to clogs in three generations."

Curiously, more than a century later there is much less discussion about the future of family businesses. Perhaps their owners do not wish to admit readily to being eventual victims of such a frailty as being mortal. It might upset the family . . . or the bank.

However, a welcome beam has now been directed into this ill-lit corner of business life by City Research Associates, commissioned by 3i Corporate Finance. City Research has done a benchmark study into attitudes towards the short and long-term futures of privately owned companies.

Neil Williamson, managing director of 3i Corporate Finance, put the viewpoint of his group, which is heavily involved in backing growing businesses, when he said: "People should be planning for the succession. None of us lives for ever."

But the survey shows strongly that nearly all families owning a business either expect it to be passed down to the next generation, or are giving little or no thought about ownership changes in the future.

In only one privately-owned business out of every 20 surveyed, did the present owners have aspirations to realise the capital within their lifetimes in order to seek an alternative and easier lifestyle such as a retirement place in the country, or a villa in sunnier climes.

City Research interviewed 200 shareholding directors of privately-owned British companies with profits of more than £250,000. Almost half (47 per cent) of those interviewed who defined their businesses as "family-owned" plan to hand the company to the next generation of their family. A further 33 per cent of the family-owned companies have *no plans for any changes in* ownership.

That does not mean they have not had attractive offers. In fact, nine out of ten of the companies interviewed have been approached at some time to sell their business. And 65 per cent of them have had as many as 10 approaches in the past year. "We have a standard letter of rejection," said one company director.

Commenting on those figures 3i talks about "an environment of hot pursuit" to seize control of independent small businesses. Neil Williamson predicts that even though only one in five private companies ever intends to sell, many more will be sold. "Even *those who do not plan to sell* may eventually be faced with problems relating to old age, ill-health, an incapable or disinterested younger generation, family pressures, or even such a fantastic offer that previously intransigent shareholders change their minds."

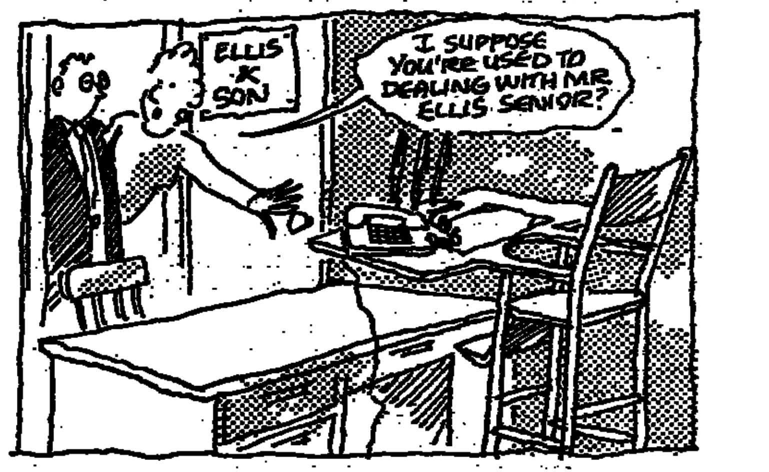
Small firms still think of themselves as people businesses. When they do think seriously about selling to another firm their major concern shows up clearly in the survey as the welfare of their employees. Only three in ten in the survey were primarily concerned about, "getting the right price."

An overall management *style among Britain's many* family-owned businesses can be discerned through this survey. Money is less important by a long way than continuity of employment for their staffs, and income and employment for the families in control.

It is worth pointing out that the attitudes of the small businesses that are owned by their managements differ markedly from those of the family-owned businesses.

Among the management-owned businesses the idea of a sale or flotation is a much more popular objective. Indeed, 35 per cent of the management-owned companies interviewed said they were *planning to realise capital tied* up in their businesses at some time in the future.

Study of Attitudes of Owners of Private Companies Towards the Future of their Businesses. Conducted by City Research Associates, Lector Court, 151-153 Farringdon Road, London, EC1R 3AD. Tel 833 1681. Commissioned by 3i Corporate Finance, 91 Waterloo Road, London SE1 8XP, Tel 928 7822



Roy Hodson

WEEKEND FT SPECIAL REPORT/CLOCKS AND WATCHES, JEWELLERY

Always true to you in their fashion

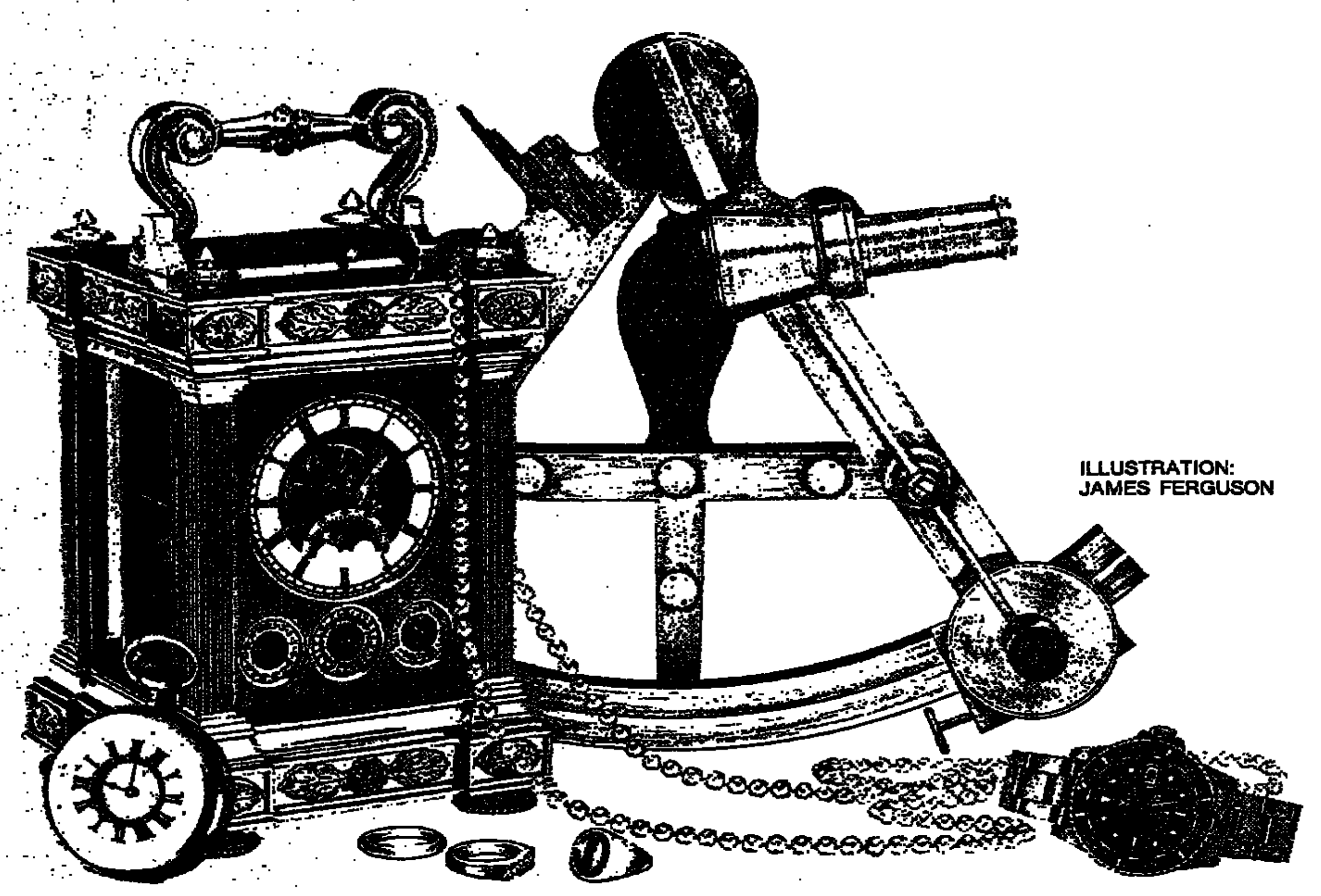


ILLUSTRATION: JAMES FERGUSON

***Frances Wasteneys**, with a report on the fashion trend in watches, introduces a four-page survey of a healthy market. We cover the salerooms, the workshops and the auction rooms and look at how Swiss manufacturers have fought back against Japanese competition*

HAS THE time-telling function of a watch become of secondary importance these days to the style and status that it gives its wearer?

In spite of all the promotional activity in the watch industry over the last ten years actual sales have expanded very little. So fashion trends have intensified competition in the market without creating real growth. Unit sales have fallen by more than 10 per cent in the UK, but sterling sales have risen by around 20 per cent, thanks to the activity of foreign manufacturers and the birth of the quartz electronic watch. Quartz watches now represent 80 per cent of the UK market in volume and around 60 per cent of sterling sales. The fact that the UK no longer has a major manufacturing base other than Timex can only lend a helping hand to foreign producers.

However a new culture has emerged, one that is multi-coloured, fashionable and dynamic. Watches are now not just a functional necessity but an essential part of the wardrobe. As Sarah Clarke at Alfred Dunhill explains: "People will change their watches according to what they are doing, whether it be sport, business or dressing up in the evening."

The development of quartz, a movement powered by battery, meant that the manufacturing cost of a watch was cut dramatically and companies were forced to compete on price and concentrate more on marketing and packaging differences. Quartz heralded the moment when a watch became a fashion accessory for the middle and lower end of the market as well as for the expensive. Making a watch a fashion accessory had always been part of the Swiss tradition, but one that was secondary to the smooth operation of the mechanical parts. And fashion invariably meant incorporating diamonds and jewels and precious metals.

The Swiss had developed their own quartz movement as early as 1967 but rejected it as not in keeping with their traditional standards of craftsmanship. Even now, many watch enthusiasts will not admit that a quartz movement is a "real" watch movement. So the Japanese made quartz their own and flooded the market with cheap but stylish and reliable watches. The Swiss industry suffered dramatically as a result, as did middle market companies like Accurist, Avia, Tissot and Rotary, whose products were in the £30 to £150 bracket, but it failed to affect luxury watchmakers like Audemars Piquet, Rolex, Piaget and Vacheron Constantin.

It had been previously thought that the more expensive a watch, the more accurate it was, a theory destroyed by the evolution of quartz watches. As John Keeping of Jaeger Le Coultre explains: "A quartz movement is a quartz movement — some are better than others, but they all keep time accurately whether you buy a watch for £10 at a petrol station or for £10,000 from a luxury watchmaker. So companies turned to other aspects to make their watch different from anybody else."

In 1983 the Swiss hit back with the launch of Swatch watches, which not only revitalised the watch industry but redefined consumer perception. The birth of Swatch meant that people could afford to buy more than one watch and match them with the season's colours. Today, to maintain its leadership, Swatch launches a fashion collection twice a year, with 24 designs in each one. With Swatch fashion has become the primary role of a watch and function second, the complete reversal of traditional values.

Other companies were quick to follow Swatch's example. Tissot launched its Rock Watch, Timex the "Watercolour" collection, a range of pastel coloured wristwatches, while Tiq, Smash and Le Clip followed suit at the lower end of the market. Not to be outdone by their European competitors Japan hit back with the launch of Lorus, their Swatch equivalent.

The key to Swatch's success, and others like it, is not only the fashion adaptability but successful distribution. Traditionally watches were only bought in jewellers, but nowadays fashion watches can be acquired in many diverse locations, such as petrol stations. This breakthrough was heralded by Timex, whose products were initially rejected by jewellers because they were too cheap.

The fashion movement was not restricted to the mass market. Companies such as Alfred Dunhill, Gucci and Christian Dior launched their own "designer" quartz watches as part of their range of clothing and jewellery, and Louis Newmark came out with Burberry and Benetton watches to reflect the style of their shops and clothes.

One of the most successful examples of a watch from a fashion house is Gucci's bangle watch 1100, with 12 interchangeable bezels in an assortment of colours to match your clothes. It costs around £150.

The Chronograph watch, also by Gucci Timepieces, is likely to be another favourite. For those who cannot afford Gucci prices but want a designer watch the models approved by Pierre Cardin, part of Zeon, perhaps provide the answer.

It seems the idea of the "lifestyle watch" knows no bounds. Seiko, part of Hattori UK, has launched the watch collection "Levante," a nautical style which recalls navigational tools. As Richard Taylor of Seiko explains: "This is not necessarily for the out-and-out yachting type, but for the person who would aspire to have a yacht and that sort of lifestyle." The price range is £125 to £175.

For the sportsman, Breitling offers what could be the ultimate sports watch, "The Yachting Chronomat." It has been specifically designed for the yachtsman and has an automatic chronograph, a 12-hour counter, a tachometer and an hour division into tenths. It costs around £1000.

For the global traveller Ebel has launched a watch called Voyager which tells at a glance what time it is anywhere in the world. It features a rotating bezel, inscribed with the major cities in the world, has a self-winding mechanical movement, and is water resistant down to 30 metres.

For the evening Alfred Dunhill offers the Elite, a beautiful watch to look at, stylish and precise: because of its light weight and open ladder construction bracelet it is comfortable to wear in hot climates. For the extravagant, Bertolucci makes a women's 18 ct gold jewellery watch called the "Diva," which is mounted on a bracelet. This stone-encrusted watch contains 210 diamonds and 74 baguettes. The case and bracelet are hand made, starting with a 500 gram gold ingot. It will set you back £170,000.

The jewellers Chaumet produces a collection of wristwatches for women, with diamonds, sapphires and pear-shaped rubies in the spirit of Breguet, the great watchmaker of the 18th and 19th century. Here is a choice for those who still insist on a hand made watch.

Multiple watch buying does exist at the top end of the market. Garrards the Crown Jewellers has clients who buy several watches. As Julia Ogilvy says: "People will often buy because they collect, or they want one for a different occasion." However, a large proportion of Garrards' business is in antique watches such as the pocket watches shaped like animals which can be worn as jewellery. "Pocket watches are coming back into fashion — the business is booming in that area — very decorative ones in particular are now collectors items."

However, there are watches that remain impervious to fashion. This is epitomised by the classic Rolex Oyster, launched in 1927 and still a best seller. It has been described as the Rolls-Royce of watches, but like a Rolls-Royce it does not suit everyone. As Robert Peppiat of Hublot points out: "There are still many people who don't want to have a big, loud statement on their wrist, who want to be more conservative yet still buy an expensive watch."

They can buy a Blancpain, Audemars Piquet, Hublot or Piaget. "When purchasing a Blancpain they are buying something that is more of an inheritance. Each watch has its individual case number and movement number, and when the watch is finished the numbers are registered and the watchmaker signs his name."

Peter Smeeth at TWG Distribution believes that men are becoming more adventurous. "Traditionally men have been conservative about what they choose, but the barriers have broken. A watch is a personal accessory with which a man can say something about himself. A man's status is reflected in the watch he wears."

In spite of the success of fashion trends, watch companies cannot afford to be complacent. The top and the lower end of the market are threatened by cheap and convincing imitations from Hong Kong, Taiwan and South Korea. As Peter Smeeth explains: "You cannot assume your position. Rolex, like many companies, is concerned about the duplicates – the fakes are ruining their market. A lot of the well-known makers who sit back and think 'we are a traditional maker and cannot be copied' are wrong. People are seeing everybody from a workman to a director wearing a Rolex. The director may not know if the Rolex is real, therefore the value of the watch is diminished. It is common, rather than popular."

Trends move on. In the early 80s watches were ultra-thin; now they are ultra-fat. A recent survey suggests that the novelty of the digital watch has worn off, and that women in particular appear to be moving back to the analogue face. However, the majority of men still prefer digital presentation, as do younger people. It also shows that two-thirds of women choose a man's watch and a quarter of male purchasers buy womens' models for themselves.

At the top end of the market there is a trend for more intricate timepiece chronographs. Audemars Piquet seems to have thought of everything in its Perpetual Calender. Every four years a tiny cog adjusts the watch for the leap year. Demand is so great for this watch they cannot make enough.

There is also a move from steel and gold to other metals such as platinum and Tantalum. Tantalum, a pure metal, was discovered in a Scandinavian mineral mine in 1802 but because of its hardness and high resistance to heat and chemicals it was very difficult to use. However Jaeger Le Coultre has mastered the secret and has launched the Odysseus Chronograph Tantalum. Its case is a shining blue as dense as gold, in which has been placed the smallest chronograph movement in existence.

In response to the demands of fashion companies are looking back to popular designs of the past. IWC has just launched the "Flieger-chronograph," a reproduction of its original Mark XI – a hand-wound aviator wristwatch which was used in cockpits in the early 40s.

Patek Philippe, to celebrate its 150th anniversary, is reviving watches made in the First World War for soldiers in the trenches. One in particular, of only 2000 being produced, is the "Officers campaign watch" of the type which officers took to war in 1915: it will be arriving at Garrards in October.

Omega is launching an exclusive special series of "moon watches" to celebrate the first manned landing on the moon, where the Omega Speedmaster Professional chronometer helped the astronauts 20 years ago.

With such intensification of fashion trends what is left for future development? Will we see a complete reversal to pre-war style or inspiration from other areas of the world? One trend that has started in Italy and is expected to reach the UK by the end of the year is the Russian look. These are robust watches with the emphasis on durability. British watch company Zeon was quick to take the initiative by producing its own Russian style watch. A screw cap covers the crown and on the dial is the Russian star. To complement the Russian spirit of Glasnost a written message accompanies each watch saying "East meets West."

Another company which is finding its way into the UK market is Rado, which has been highly successful in Asia and the Middle East. The Rado DiaStar Executive claims to combine cool elegance and subtle beauty, while the individual "Lacoupole" watches could find a market among women who are looking for something different.

Other developments have been watch boutiques such as Mappin & Webb's In Time, the Watch Gallery and the Watch Box. Marks and Spencer has entered the field and Next is introducing quality watches into its catalogue.

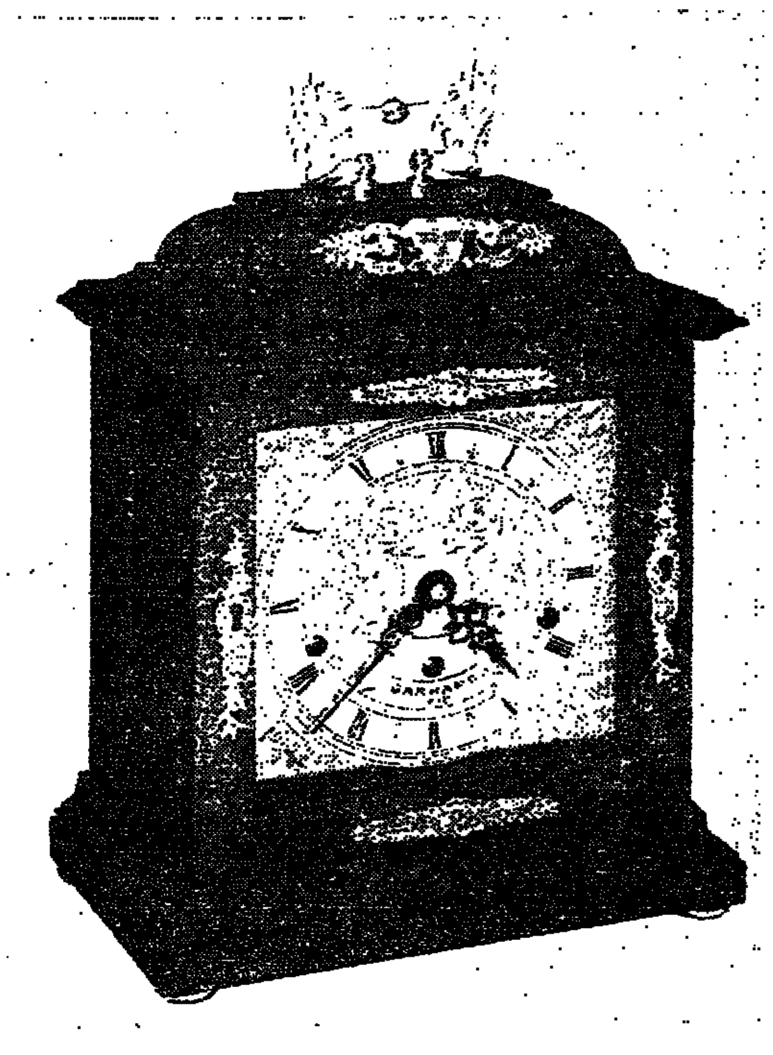
Probably the most significant change has been the reversal of the decline of the Swiss share of the market. Today it is estimated that the Swiss hold about 10 per cent of the market by volume but 45 per cent by value. The Japanese held 35 per cent both by volume and value but have been increasingly squeezed by Hong Kong, Taiwan and South Korea at the lower price points.

Certainly the watch market *seems to be buoyant. The only* problem is the mind-bending number of choices facing the buyer.

WEEKEND FT SPECIAL REPORT/CLOCKS AND WATCHES, JEWELLERY

Brighter times for a sleepy sector

Antony Thorncroft reports on the renaissance of the antique clocks market



Created for Garrard by W.H. Elliott to celebrate 800 years of the City of London and its Lord Mayor, only 80 of these traditional bracket clocks will be made. All have been given official status by the City Corporation

AT LAST there is excitement in the antiquarian clock market. For years it has drifted gently along, with very few exceptional items arriving in the salerooms. The dealers, who dominate the trade, were occasionally able to buy an important clock privately (Ronald A. Lee in Bruton Place recently acquired a splendid Tompion longcase from the north country which carries a price of £150,000), but the general feeling was that clocks were in danger of becoming a backwater, a poor, undervalued relation to English furniture, which was storming ahead in price and prestige.

Christie's has come to the rescue with its best clock sale in 20 years in London on July 5, including a quartet of clocks by Thomas Tompion, the late 17th century maker who commands a handsome premium over all his rivals, mainly because his workshop produced over 800, mainly numbered, clocks and thus established a collecting market.

The highlight is a totally unrecorded and recently discovered Charles II miniature longcase clock by Tompion in a unique blond wood case. It comes from Canada, which slightly worries some dealers, but it is estimated at up to £400,000, a heady price in a sector in which only a handful of objects top £100,000, and there is just one accepted seven-figure clock, the Mostyn Tompion, now safely in the British Museum.

In the same auction there is a private owner collection of 35 clocks, including the "Sussex" Tompion, once the property of the Duke of Sussex, a son of King George III. This sold for £12 at Christie's in 1843, and for £55,000 in 1979. It carries now an estimate of around £150,000. There are also works by a Joseph Knibb and Daniel Quare, the main rivals to Tompion's crown, in an auction which the entire trade hopes will stimulate new collectors into a woefully overlooked sector of the antiques market.

On June 22 Christie's hopes to make a record £500,000 from a clock. It is a complex orrery clock which sold at Sotheby's Mentmore auction in 1978 for £40,000. The newcomer has spent much time, money and energy restoring it and devising a more accurate history. It is now dated to 1783 and regarded as a technical breakthrough. Hence the optimistic price.

There is no great mystery as to why antique clocks are an acquired taste. They became a speculative investment in the late 1970s and proved fickle friends: some clocks have only recently reached the price levels of a decade ago. There is also a limit to the number of long case clocks that a collector can accommodate: they are not geared to modern living.

However, the main drawback is that potential buyers are deterred by the mechanical problems that might lie lurking inside the cases. Most old clocks require attention, even if it is only a good cleaning, and there is the perennial problem of later additions to old movements. At the moment the clock world is enthralled by a dispute about an early 17th century clock which the Science Museum recently bought at Sotheby's and which is now giving cause for concern about the age of some of its mechanisms.

Sotheby's is trying to set such fears at rest by offering advice on the state of the clocks on offer at its auctions, recommending experienced restorers and giving guidance on the likely cost of repairs. Its specialist, Michael Turner, voices the trade's amazement that antique clocks are not more sought after. He quotes the example of 18th century 30-hour clocks with a bronze face over a fine wooden long case. They might only have one hand and need winding every day but with many examples fetching £400 they are an obvious snip. They have scarcely moved in price over five years. An eight-day clock might cost £600. These are saleroom prices: at a dealers you might pay double, but in return get a fully restored working specimen and good advice.

It is also worth watching the makers with rising reputations. Henry Massey and David Delander are names to ponder, as is Joseph Windmills. He has perhaps now "arrived," a silver mounted bracket clock that he made around 1780 fetching £44,000 at Sotheby's recently. The great star of the past few years has been Vulliamy (the 19th century member of the family). He produced plain long case clocks and prices for the best examples have jumped from £12,000 to £26,000 to £38,000 over the last three years. However, like many men of his time he reckoned that he could improve on olden days and was responsible for ripping out the innards of many a fine Tompion.

Anything unusual does well – and anything painted. A country clock of the late 18th century with a prettily decorated dial will go for £2,000 or more (as against £1,000 four years ago), outpricing the plainer, silver-dialled output of the London makers of the period.

It is the same with carriage clocks. A straight, no-nonsense early 19th century example might cost £600, but anything with unreplacable porcelain panels could top £2,000. But French carriage clocks remain a dead area, even the most unusual and ornate examples, which were chased up by the Arabs during the oil price boom. A dealer such as Strike One in Islington would point to an eight-day French carriage clock of the late 19th century, signed by a known maker, and selling for £750, as one of the bargains of the time.

So clocks remain underpriced. It is quite extraordinary that one of the earliest English-made pendulum clocks, the work of Ahasuerus Fromanteel, around 1670, should sell at Phillips last month for just £44,000, to R.A. Lee. All the new rich, furnishing their expensive homes with Newlyn School pictures and 18th century English furniture, should buy a clock. If they acquire something of top quality, and slightly out of the ordinary, it will tick up in value. It is only the commonplace, routine clocks which have shown little or no appreciation in the last few years.

Christie's will sell this Charles II ebonised striking bracket clock by renowned clockmaker Thomas Tompion in London on July 5. The estimated price is between £50,000 and £60,000

Why it could pay to invest in the globe

Antony Thorncroft finds bargains galore in the market for scientific instruments

ANYONE SEARCHING for a collecting field in which the objects are both modern and historic, beautiful and utilitarian, rare and in good supply, and above all ridiculously under valued, need look no further than scientific instruments.

The problem is, of course, that unless you are of a technical or scientific turn of mind a theodolite or an astrolabe, a sextant or an early calculator can seem as dull as ditchwater. Even the professionals earning their crust from contemporary scientific instruments seem little interested in old medical kits, dentists' claws and early adding machines.

However, the collecting bug is growing. There was a brief flurry of over-excitement in the early 1980s, when prices roared out of control, but now there is a more knowledgeable and more sedate market. The Scientific Instrument Society (PO Box 15, Pershore, Worcestershire WR10 2RD) has grown in six years to 500 members, but prices for many scientific instruments have barely shifted in the period. There are bargains galore to be found in the salerooms, Portobello Market, even in junk yards. London, along with Paris, is the international centre and has spawned some knowledgeable dealers, notably Harriet Wynter, (who specialises in the pre-1830 period), Arthur Middleton and David Weston.

The salerooms are as good a place to start as any, and there are specialist sales at Sotheby's, Christie's South Kensington and Phillips. Just how under-developed the market is can be assessed by the record auction price for a scientific instrument – just £380,000 for an early astrolabe, ludicrous when set against other objects of lesser age, rarity, or beauty. The strongest sectors of the market are those followed by interior decorators, well aware of how a New York apartment or an English manor house can be enhanced by a pair of large library globes or a brass telescope or microscope.

Globes are probably the most sought-after scientific instruments and have more than doubled in value over the past five years, while other scientific instruments, like theodolites, are probably cheaper now than they were in 1984.

Last month a pair of 17th century Italian library globes sold for a record £104,500 at Christie's, but globes can still be bought for £200 – or even £6, the price asked for a small globe with a moon map showing the hidden side of that planet, only recently surveyed by satellites. Twentieth century globes could be a good investment.

Apart from globes the market is very flat, awaiting developments. At Sotheby's last major sale this month, one of the finest and rarest instruments to appear in years, a gilt brass nocturnal and quadrant, made in Florence in 1527 in the workshop of the Volpaia family, the first significant makers of scientific instruments, just topped £30,000, a paltry sum. But at least it beat its high estimate.

Of course it is pointless to collect scientific instruments unless you are intrigued by the field, and there can be dangers with fakes, (especially among old astrolabes), as well the problem of later restoration. But some scientific instruments, such as 19th century theodolites, are much cheaper than their replacement costs so there are unlikely to be any frauds around here. They are cheaper than they were five years ago. A good theodolite can cost £700 or even less: an example by the best-known maker, Troughton and Simms, and owned and monogrammed by one of the best known engineers, Isambard Kingdom Brunel, fetched only £2,420 at Sotheby's in 1987.

Medical instruments are another area which has been flat for some time: perhaps the ghoulish look of a 19th century surgeon's kit – saw, knives, tourniquet, the lot – deters buyers, but a set in a smart velvet lined box can be acquired for around £1,000. Condition is, of course, important, as is the wrappings. The use of ivory and ebony materials is one of the attractions of the earlier scientific instruments. A dentist's set, with 16 knives and other instruments of torture, lacks some of its horror when the blades have mother-of-pearl handles. They push the price up to £2,000.

Other overlooked sectors are calculating machines and drawing instruments. The first vaguely automated calculating device dates back to the mid 17th century, but only in the mid-19th century did cranking-up models develop, and most progress in the drive towards the computer has taken place in the last 80 years. Addometers of the period after 1910 are still available for around £30 and the first pocket calculators have quickly become collectors items. It will not be long before the early computers have their fanatics. A set of 19th century drawing instruments including sector, ruler, callipers and dividers, in ivory, need not cost more than £500.

Microscopes and telescopes enjoyed a boost from the interior decorating trade in the early 1980s but are still reasonably priced, with the most prized makers of the 18th century, such as John Marshall and Edward Culpeper, enjoying a premium over most of their rivals. A very ornamental microscope by Marshall sold for £24,200 in 1988, but a decent 19th century microscope can still be bought for under £300. James Short and William Hershel are the key names among the telescope men, and their work can be bought for much less than that of the microscope makers.

Knowledge, or the advice of a good dealer, are essential before you buy a scientific instrument. Fortunately more and more books on every aspect of this market are appearing off the presses.

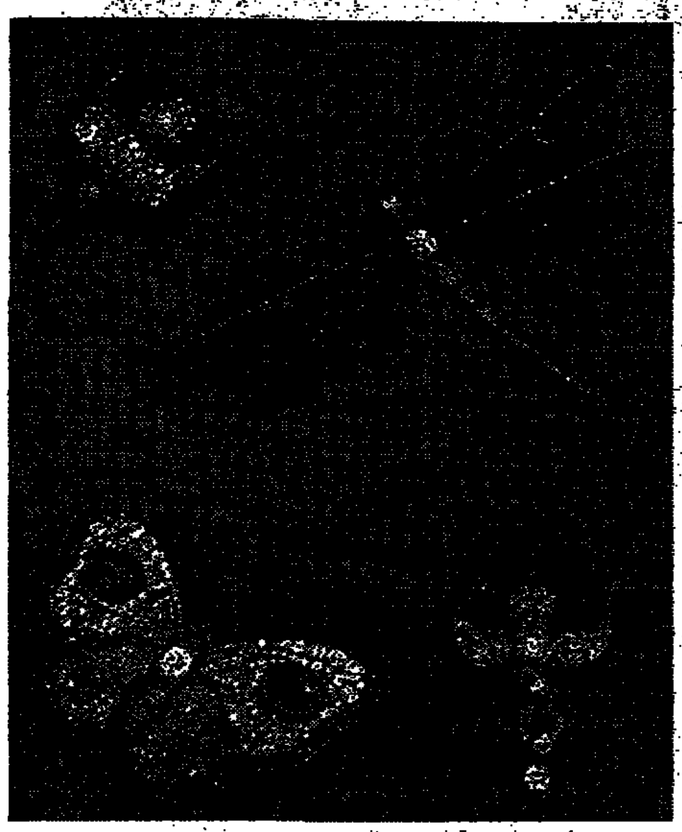
Gems of wisdom for the choosy

***Vivienne Becker** reports on what delights the serious jewellery collector*

THE PERENNIAL jewellery dealers' complaint, "I just can't find the goods any more," has suddenly come true. Now, when an antique dealer tells you over a delightful Georgian ring or a serious piece of designer Art deco, "I haven't seen one like this in years," it is time to start believing him.

Those inside the trade know that it is no longer a case of crying wolf. The volume of fine goods, of high-quality period pieces beautifully made from fine materials in strong designs, has dwindled. There is such a dearth of good things on the market that anything exceptional is relentlessly pursued. Generally, however, the middle to the top end of the market remains strong and prices are steady, based not on inflationary margins, but on supply and demand.

Quality, style and workmanship count more than ever for every period and every collecting area. Buyers are much more discriminating, more aware and interested in jewellery history, in signatures, marks and makers and in good design that shrieks of its age and maker.



'Animal' jewellery is still in high demand

Signed jewels are still top of the "relentlessly pursued" list: from the richly historic Castellani and Giuliano (when you can get hold of them), through sumptuously decadent Lalique and Fouquet, to stylish Cartier, Van Cleef & Arpels, Boucheron and Lacloche. But there are signs that the general choosiness that characterises the present market is sifting out the extraordinary from the run-of-the-mill among signed pieces.

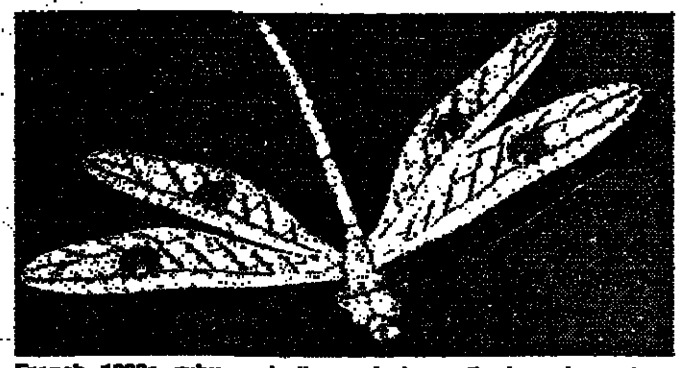
The 19th century heroes are still Castellani, the Roman goldsmith dedicated to recapturing ancient goldwork, and, to an even greater extent, Carlo Giuliano, the brilliant Italian-born revivalist jeweller who catered to an elite from his plush Piccadilly shop

So few spectacular examples of Giuliano's work have appeared on the market recently that it is hard to judge their price level, but the jewels are bound to be hard fought for by a deprived audience when they do surface. A very good necklace of typical design, with *a lozenge shaped pendant*, finely enamelled and gem-set in the Renaissance manner on a seed pearl collar, is expected to fetch a price of around £10,000 to £12,000 when it goes on offer at Sotheby's June 22 sale of jewels for the collector.

However, prices for more modest Giuliano creations have slowed recently, and a nice small brooch can probably be had for under £1,000.

Traditional Victorian jewels, of eclectic inspiration, unsigned but often very wearable, gold, enamelled, set with small pearls or turquoises and oozing 19th century confidence and prosperity, remain somewhat underpriced and a good bangle or brooch could cost £500 to £800.

According to David Callaghan of Hancocks and Co., the demand for 18th and 19th century cameos has come virtually to a standstill. From a connoisseur's point of view this is disappointing: at their best cameos are superb sculptural works of art, but they do have a cerebral rather than decorative appeal and the softening of this particular field shows the importance of fashion and wearability in the market.



French 1890s ruby and diamond dragonfly brooch or hair ornament, sold by Sotheby's recently for £40,700

Boodle and Dunthorne, with shops around the country, sell

> *Quality, style and workmanship count more than ever for every period*

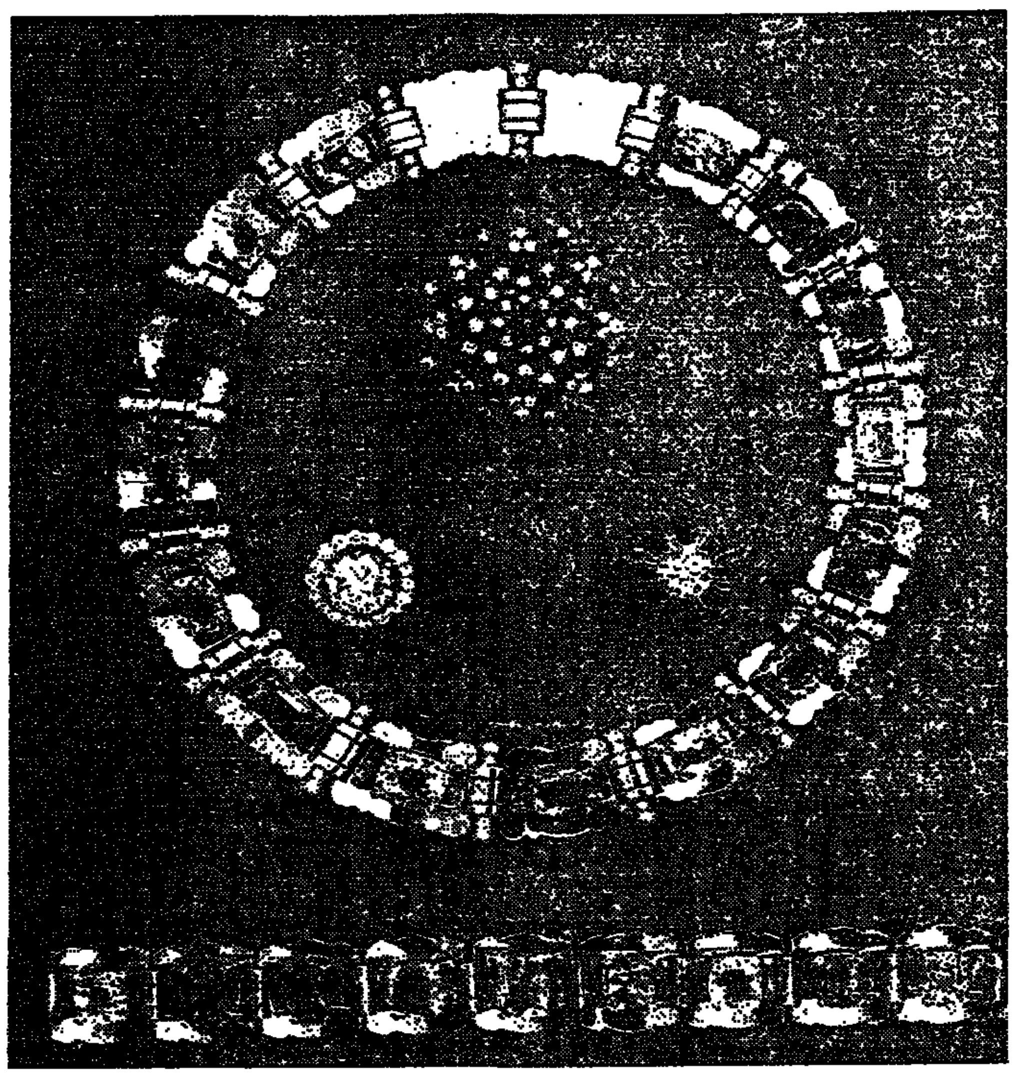
medium-priced antique and period jewellery almost exclusively to the British public, and the company emphasises the importance of quality and wearability. A commercial Art Deco diamond bracelet never lasts long in stock and is probably their best-seller.

Customers appreciate the traditional understated beauty of later Victorian and Edwardian diamond star and crescent brooches, or gold and seed pearl jewellery from the same period. One in three customers prefers to buy an old, or antique, engagement ring.

The auction houses are supremely optimistic, and certainly from their viewpoint there have been no real dips in the jewellery market over the last few years. They have benefited from a huge influx of private buyers who like to buy good jewellery to wear and who enjoy the exciting, bustling atmosphere of the saleroom in order to get them.

Simon Teakle of Christie's believes that the very strong market will continue. David Bennett, European head of jewellery at Sotheby's, points out that markets investigated three or four years ago are now firmly established, notably 1940s, 50s and 60s jewellery, still under the sparkling influence of the late Duchess of Windsor whose baubles besieged the news about two years ago.

Since then the Cartier charisma has soared and good examples are rare and at a premium. Other names to send the zeroes flying across the auction rooms include Van Cleef and Arpels, Maboussin, Boucheron, the more esoteric Belperon (favoured by the Duchess of Windsor) and Sterle, whose colourful, sometimes quirky, jewellery represents the best of 1950s French design.



Glittering prizes: more fine jewels on offer by Christie's

Love it or loathe it, 1960s jewellery is being promoted by Sotheby's this spring, but this market niche for swinging relics has yet to be firmly carved out. Prices have jumped in at the deep end. A huge and impressive gem-encrusted necklace, brooch and earrings is expected to raise about £50,000.

The most distinctive designs come from American designer David Webb, who produced cartoonish creatures, frogs with jewelled warts and snow-white enamelled tigers. Other names to conjure with include Schlumberger, maker of exotic and rich jewelled fantasies, and Verdura, New York's high society designer. Even 1960s Bulgari is taking its place in this star-studded line-up.

Experts believe that the massive potential of Japanese buying power will be the next force in the market. The Japanese buy jewellery both to wear and collect and when they single out a period or style their influence on prices will be enormous.

At the same time, if inflation rises ever more sharply there is the worrying possibility that a destructive new investment element might creep in.

It seems that as a general rule the costliest items bring the best real financial rewards over the years. The advice is as always, to buy the best quality you can afford at every level, whether on 1960s gem-set extravaganza or a superb but small gold Art Nouveau tiepin for £200 to £300.

Offering a refuge from the girl's best friend

***Susan Moore** reports on the exciting and sometimes unexpected world of modern designer jewellery*

SO MUCH of modern, mass-produced designer jewellery brings to mind Marilyn Monroe. On seeing a tiara for the first time, Sugar, in *Some Like it Hot*, gleefully squealed: "Oh, a new place to wear diamonds!"

Art jewellery has offered a refuge from the merciless glint of gold and diamonds, and a more individualistic alternative, ever since the sculptor Alfred Gilbert, some 70 years before his time, twisted a necklace out of a piece of silver wire and Lalique made his exquisite Art Nouveau confections out of materials chosen for their aesthetic rather than their intrinsic value.

Lalique's mastery raised a craft to an art form, and artist-craftsmen ever since have found few materials unworthy. The *avant-garde* New Jewellery of the 70s brought us body art – Caroline Broadhead's Modernistic structures made to frame the head and torso – and jewellery made out of anything from feathers to nylon monofilament. Today, it seems that British art jewellery is moving back to the wearable, and the use of precious metals and hardstones is no longer almost universally deemed ideologically unsound.

David Watkins is one of the New Jewellery makers whose work is on the cusp of the wearable. Whether made of bronze or boldly coloured acrylic, his uncompromising minimalist neck pieces (very definitely not neck laces) have the clarity, spareness and beauty of precision-made instruments. It is no coincidence that he trained as a sculptor (he is now Professor of Metalwork and Jewellery at the RCA), or that the pieces sold at his recent exhibition at Contemporary Applied Arts were bought by museums.

Watkins' hi-tech can look stunning, but is not always user-friendly. In contrast, Wendy Ramshaw's no less rigorous or precisely crafted orbital neck pieces are far more accommodating. They are out of Kandinsky and Klee rather than Bauhaus. Arguably the country's leading and most innovative jewellery maker, she is best known for her yellow gold ring sets which allow the wearer to vary the geometric forms and clusters of stone by changing the position and order of the rings. Display stands come with this jewellery-cum-sculpture, in perspex, inlaid brass or patinated bronze, and the number of zeros on the price tag varies accordingly.

One of the most appealing characteristics of a whole vein of art jewellery – and one which distinguishes it from the High Street and Bond Street – is the subtlety of surface and texture. Gerda Flöckinger has been independent enough to continue producing her distinctive patinated and precious pieces since the 50s. Gold or oxidised silver surfaces are coruscated like scallop shells, with gold filigree work and sprinklings of matt topaz, opals, coloured diamonds and freshwater pearls.

Jacqueline Minas achieves undulating lines and soft surfaces of great beauty. Necklaces are of graduated, overlapping discs with a lightly textured matt finish, or of articulated bell-like units. Her yellow gold brooches with a platinum gauze inlay shimmer more like Fortuny silk damask than metal. Cynthia Cousens similarly produces gloriously subtle and delicate surfaces for her stylised pod and leaf-like pins and cuff-links. Both adapt ancient techniques such as mokumé-gané, in which copper or silver, or different coloured golds, are laminated, pierced, rolled and thinned to create a delicate surface pattern.

Breon O'Casey, leading the jeweller "primitives," displays a tremendous feeling for materials which endows his impressive necklaces with a rude nobility. His beads of matt gold, unpolished lapis lazuli, carnelia or Cornish granite are not for those who like their jewellery to scream its price tag: the spirit is more Pablo Picasso than Paloma. Other acknowledged sources include pre-Columbian metalwork, African tribal and Egyptian ornament, and Alexander Calder.

This interest in surface extends to less costly materials and to the younger generation. *Jane Short works in meticu*lous cloisonné enamel. Jane Adam's painted and dyed aluminium brooches, inspired by Indian paisleys and Mughal painting, are exuberant cornucopias of colour. Peter Chatwin and Pamela Martin work with wood, making jewellery with beautifully dyed and laminated sycamore veneers or with a smooth marquetry of individually coloured chips of wood.

Fun, quirky pieces tend not to be of the finest quality or craftsmanship, but there are notable exceptions. Vicky Ambery-Smith will make you a vigorous ring or brooch modelled on your own home, be it a suburban semi, a Georgian pile or a Venetian palazzo. The idea, presumably derived from medieval shrine rings, sounds appalling, but the pieces somehow bypass the kitsch.

Esther Knobel creates witty balletic figures or warrior bow*men out of tin cans decorated* with bright enamel paints. Kim Ellwood's jolly painted tin brooches start at around £12; the more substantial pieces use bronze and gold leaf. The Danny Katz-style cut-outs by Gordon Stewart are made by transfering photographic images onto aluminium.

What are the dominant trends? Painted tin and post-punk plastics seem to win hands down. At street level, Anne Finlay makes earrings out of screen-printed polymer film. Peter Chang's larger than life (in every sense) bangles, evolved out of Miro and Arp, are of quite a different order. One of his brilliantly coloured bracelets will take two or three weeks to make. A basic shape is carved out of polystyrene which is then built up with papier maché. All sorts of things from sheet acrylics to dressmakers' glass-headed pins and felt-tip pens are then super-glued on, sanded and polished at every stage, to create an exotic lacquered inlay. Ear pins and brooches, all deceptively light, are similarly concocted.

Chang's work is as good an example as any of the advisability of discussing insurance cover with the maker. After all, few brokers would fail to raise an eyebrow at a claim of £700 to replace a plastic bangle.

■ The jewellery discussed here may be bought or commissioned in London through Contemporary Applied Arts, 43 Earlham Street, WC2; the Crafts Council Shop at the Victoria and Albert Museum, SW7; and at the Electrum Gallery, 21 South Molton Street, W1. An exhibition of contemporary German and British jewellery continues at the Crafts Council Gallery, 12 Waterloo Place, SW1, until July 16.

Swiss are back on top second time around

***William Dullforce** on a renaissance in Geneva*

SWISS watchmaking, magnificently resisting the assault of Japanese industry, has emerged from a decade-long crisis not only with its reputation for technical superiority intact, but having acquired a quite un-Swiss cachet for provocative design and imaginative marketing.

This turnabout has been symbolised by the cheap plastic watch, dubbed the Swatch, of which close to 60m have been sold in less than six years. The flexibility of the automated Swatch manufacturing process and the adaptability to colour and design of the materials used have allowed the creation of more than 400 Swatch models strikingly individualised for fashion, sporting or just pop appeal.

They have carried bizarre, whimsical names such as Jelly Fish (a transparent watch), Granita di Frutta (scented with fruit flavours), Frozen Dreams, High Moon and Velvet Underground. Some, such as the Breakdance Swatches with a graffiti appearance and fluorescent colours, have become cult items.

At the other end of the scale, Swiss houses with prestigious names continue to hold an estimated 80 per cent of the market for luxury watches. But even they have not passed untouched through the convulsions of the crisis in Swiss watchmaking. Their number has been trimmed and some now operate under new ownership. Last year Swiss watch exports exceeded SFr5bn (£1.76bn), setting a new record more than 16 per cent higher than the figure for 1987.

The number of timepieces delivered rose by 3.8 per cent, indicating that the faster growth in value was due to the success of the more expensive watches. Customers placing orders for some of the latest jewelled designs of the luxury houses will have to wait up to two years for delivery.

The fact is that Swiss watchmaking has entered another, though more palatable crisis: a shortage of skilled watchmakers has arisen just as fashion has swung back to chronometers using mechanical movements instead of the omnipresent quartz. This shortage in skills stems from the cataclysm the industry went through in the 1970s and early 1980s when the Japanese manufacturers' speedier exploitation of the electronic revolution and mass production methods appeared to be devastating artisan-based Swiss watchmaking.

Between 1974 and 1983 production of watches and watch movements in Switzerland tumbled from 91m units to 45m. Between 1975 and 1983 36 out of every 100 people working in the industry had lost their jobs. The recovery has been largely orchestrated by a small group, led by Nicholas Hayek, head of an engineering consultancy business and an outsider.

The group took charge of the Société Suisse de Microélectronique et d'Horlogerie. SMH, created from the merger of the two biggest Swiss watchmaking concerns, was largely funded by the Swiss banks. Under Hayek and Ernst Thomke, managing director of its watch division, SMH has revolutionised the mass production of cheap quality watches, transformed the industry's marketing techniques and stimulated the imagination of investors.

The provocative design of the Swatch watch has helped the Swiss out of a crisis

After five years of steady, if occasionally precarious improvement in its results, SMH last year reported a 36 per cent climb over 1987 in net earnings to SFr105m on a SFr1.85bn turnover and was indisputably the world leader in the watchmaking industry. It was able to raise its shareholders' dividend from 6 to 8 per cent.

Hayek tempted providence last September, when he told a group of analysts that in another five years SMH could reach SFr5bn in sales (allowing for acquisitions) and a cash flow equivalent to 20 per cent of turnover. The Swatch, SMH's best known development, illustrates the two-pronged approach that has brought it success. With the Swatch the Swiss won the technical battle against the Japanese. They reduced the number of parts used from over 100 in an ordinary watch to 50 and invented a way of assembling them in one operation, which opened the way for fully automated production.

The SMH team gave full rein to designers and salesmen to cooperate in exploiting the innovative opportunities created by the technology for using not only plastic but other materials (for instance, the Rock Watch created for Tissot). One of the most remarkable facets of the Swatch story has been the speed with which SMH has managed to have it established as a consumer brand. Older brands in higher price brackets inherited by SMH have benefited from this twin-pronged approach.

Omega's range of models was reduced in three years from more than 2,000 to 130 divided among five production lines. A new model, the Art Watch, based on a Bauhaus design, made an immediate mark. Patek-Philippe, once regarded as the Rolls-Royce of the luxury watch-cum-jewellery business, has used CAD (computer assisted design) technology to develop its latest models and is investing more and more in marketing. The cheapest of its watches costs around SFr4,000, the dearest are priced in millions.

Elsewhere, change has come with new owners, sometimes non-Swiss. After a successful battle by his lawyers against Swiss property law Sheikh Yamani, the former Saudi Arabian oil minister, has secured control of the world's oldest watchmaking company, Vacheron et Constantin, founded in 1755. Its new managers have been given carte blanche to modernise production, trim the model range (without harming the prestigious image), re-organise marketing and double production over the next three years to some 10,000 units a year.

Cartier, the world's leading costume jewellery concern, bought controlling stakes in Piaget and Beaume et Mercier, two of the most famous Swiss watchmaking houses, last year. Alain Perrin, chairman of Cartier International, voiced the intention of throwing his two acquisitions "into battle with Rolex" for the number one position in the global luxury watch market. Rolex, always secretive about its accounts, produces annually some 600,000 watches at prices ranging from SFr5,000 to SFr100,000 and is reported to hold 25 per cent of the market.

Girard-Perregaux, a smaller manufacturer of high-price watches at La Chaux-de-Fonds, has taken a different tack from that of the Geneva houses. In a management buy-out, control was secured earlier this year by a team headed by Francis Besson, its managing director. At the same time a joint venture was established with Bulgari, the celebrated Italian jeweller. This venture will produce the movements for the watches of both partners.

Catherine Britnell in her Clerkenwell workshop

Picture: Alan Harper

New face in a traditional craft

"I GREW up with craftsmanship. My father was a long distance lorry driver but he made banjos. Who for? He just made banjos." Catherine Britnell is 25 and as she talked we were sitting in her little second-floor watch and clock workshop in London's Clerkenwell, where she keeps a tradition alive.

To many, the image of Clerkenwell is Dickensian; roly-poly men with side whiskers producing beautiful clocks and watches in a haze of rum punch and spiced sausages. It isn't true and never was. But there is no doubt that the old watchmakers' Clerkenwell is dying. If you walk down St John Street you don't find many of them left, but it is heartening to find young craftspeople trying to preserve a little of the past, and doing quite nicely financially as well.

Britnell talked of her long career up to the age of 25. "I used to buy and sell antiques at market stalls and I came into contact with watches, which made me want a more practical trade. I suppose I was fed up with wheeling and dealing."

There followed a three-year course at the London School of Horology and six months in Switzerland, learning about watches from what can only be termed the source. "Now I specialise in vintage wrist watches – Patek Philippes and Rolex and the rest."

Much of her work is restoring. Auctioneers will tell you that a great number of wrist watches put in for sale require fairly extensive work, but there is a danger in over-restoring. An auctioneer recently showed me a beautiful wrist watch which had recently been "souped up" with diamond studding round the bevel, which made it fairly unsaleable to anyone with a modicum of good taste.

Britnell is trusted with work from auctioneers. She has Sotheby's as one of her customers and also the Greenwich Maritime Museum. But sadly she doesn't see much of a future in Clerkenwell. In spite of attempts to revive the watchmaking area, she thinks her future lies somewhere else. Whatever that is, it will not be making banjos . . .

A. F

Healthy time for auction rooms

DO YOU want something lovely to wear on your wrist and make you feel rich? Or something to put away in a safe until it has made you richer still? Or do you want to own a little piece of history? Whatever your reason for going into the watch market, the auctioneers are anxious to please.

It is difficult for anyone who is not a horology buff to look at the market without being cynical. "Why do they want to spend all that money when all it does is tell you the time?" a colleague asked me. The answer isn't easy, but one thing is certain: the market for watches at auction is still in rude health.

Two of the big auctioneers, Christie's and Sotheby's, have just concluded successful sales in Geneva, while Roger Lister at Christie's South Kensington, the offshoot that handles watch auctions in the UK, now looks optimistically at the prospects of a record annual turnover. But it is not necessarily all downhill.

There were indications not so long ago that the boom in the pocket watch market was over. It had taken off some years ago, flourished, then declined until it seemed that prime pocket watches were not appreciating too much ahead of inflation. There had been great expectations, including one that can only be described as The Great Waistcoat Myth. Now the well-heeled male was buying three-piece suits again; the thinking went, the next step would be an opulent antique pocket watch to shout his prosperity to the masses.

One auctioneer, in cynical mood, said: "What we weren't prepared for was the hazards of travelling. With all this mugging, the last thing a person wants to do is to shout prosperity. After all, one of the first train murders in the last century was commited because the killer spotted a man wearing a valuable gold watch."

But that is taking matters too far. Last week auctioneers were rejoicing in the signs of a recovery in pocket watch sales.

***Alan Forrest** on the state of the watch market in the major auction houses*

Richard Garnier of Christie's had just returned from Geneva where a sale had netted more than SFr2.1m, (£744,840) including a 1620 gold, enamel and rock crystal clock-watch which fetched SFr110,000.

But Garnier's great pleasure was in a special sale which succeeded beyond an auctioneer's wildest dreams. Leon Hatot was one of the lesser-known watchmakers and jewellers. He started business in Paris in 1911 with 12 employees and by 1920 it was one of the largest workshops in France designing and producing for all the big names – Boucheron, Mappin and Webb, Asprey, Dunhill and more.

When World War Two came, the firm's stock was placed in a bank and left untouched until quite recently. This was what Christie's sold – every completed item had a copy of the original design, often in colour, and workshop instructions. The sale realised SFr2.25m.

This was a piece of history. But history doesn't always cost so much. At Sotheby's in London's New Bond Street, Tina Millar showed me a couple of interesting items scheduled for their July sale. One was a George V Coronation pocket watch (1911) which, although quite a piece for the modest collector, will probably sell for around £300. Another was a World War One officer's wrist watch, complete with grille to protect it from the whizz-bangs, and a military manual (probably around £500).

This is on the low side for Sotheby's. Its Geneva sale attracted some big prices. Best of all was a Leroy gold cased pocket watch with perpetual calender, chronograph and stop-watch mechanisms. It was knocked down for SFr520,000, more than twice its estimated price.

At Phillips in London's Blenheim Street, clocks and watches man Christopher Greenwood agreed that the demand for pocket watches had slowed, although all auctioneers stressed that the special watch made by a top maker would still bring in the money. But Greenwood said: "Wrist watches have really taken off and kept going, particularly the great makers like Patek Philippe, Rolex and Vacheron."

According to Roger Lister, the pocket watch market mainly depended whether you were collecting for pleasure or for investment. "The sort of valuable pocket watch a collector would look for would probably go in a bank. Who's going to put down £20,000 and then wear it in his pocket?"

Geneva hosts a collection for the connoisseur

SWITZERLAND, with its long tradition of well-heeled neutrality, may not be too impressed by the bicentenary of the French Revolution and the jubilee of World War Two, but the 150th anniversary of a world-famous watchmaker is to them a celebration indeed.

This year until September Geneva's museum of horology is housing the Patek Philippe collection, built up over the company's 150 years. The company was founded in Geneva in 1839 by Antoine Norbert de Patek and a compatriot, Francois Czapek. They were joined by Adrien Philippe, a French watchmaker, inventor of an integrated stem-winding and setting mechanism. They pioneered developments such as the free mainspring, the sweep seconds hand, the improved regulator, the chronograph and perpetual calender mechanisms.

In 1932 the company changed hands and went to Charles and Jean Stern. Today the third generation of Sterns owns the company.

Today Patek's production consists mainly of wrist watches, but the company still makes pocket watches and clocks to order. They can provide timepieces with decorations such as miniature paintings; in fact, they will take anything to order, though the timepiece may take years to complete.

Curator of the Patek collection is Alan Banbery, a 57-year-old Londoner who worked in Geneva first in the early 1950s, came home to do national service and then, after working for Garrard, returned to Geneva to Patek Philippe. Banbery says of the exhibition: "No other watchmaker in the world could show such a collection."

For those with a few thousand to invest on their wrists, Patek has a London base and showroom at 25, New Bond Street, W1, tel: 01 493-8866.

Alan Forrest

COUNTRY PROPERTY

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WATERSIDE LIVING

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OXFORDSHIRE – Watlington

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A classic grade II period country house standing in an idyllic setting, surrounded by rolling countryside and superb views.

Entrance hall, 2 reception rooms, conservatory/study, breakfast room.

Master suite of bedroom and bathroom, 4/5 further bedrooms, dressing room, attic room, bathroom and shower room. Double garage, outbuildings including stable block with potential for guest/staff cottage (subject to planning).

Swimming pool, walled and terraced gardens, paddocks.

About 6 acres.

Savills, Henley-on-Thames. Tel: (0491) 579990.

THE ISLE OF GIGHA – Inner Hebrides 3,400 ACRES

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6 miles long, 3 miles from mainland.

One of the finest Scottish islands in private ownership including the world renowned rhododendron gardens.

Achamore House and 39 cottages. Award winning hotel with 9 letting bedrooms.

6 let farms producing £12,956 per annum. Home Farm extending to 1,253 acres.

Keepered shoot with exciting duck flighting. 3 lochs with trout fishing.

Protected yacht anchorages.

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A superb residential, agricultural and sporting estate set in very attractive rolling countryside.

Fine listed 17th century principal house on historic moated site, in secluded central position.

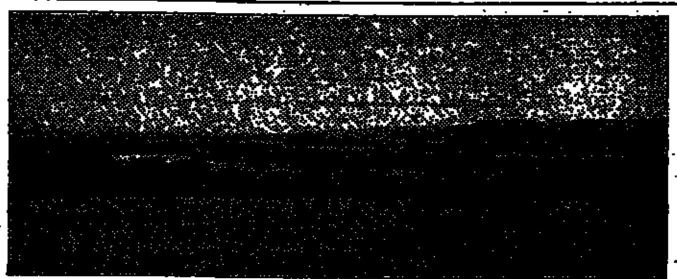
Charming pair of semi-detached cottages.

Excellent pheasant and duck shoot.

Trout ponds. Fertile arable land and woods.

For sale by private treaty.

Savills, Norwich. Tel: (0603) 612211. Contact: Christopher Miles.



WEST SUSSEX 375 ACRES
South Harting

South Harting 1 mile, Petersfield 3 miles.

Attractive pasture farm with grass drying/compounding enterprise.

2 semi-detached farm cottages.

Extensive modern buildings housing grain drying plant.

Highly productive grassland. Amenity woodlands and shoot.

For sale in 7 lots, or as a whole as a going concern.

Savills, Salisbury. Tel: (0722) 20422.

WILTSHIRE – Wylye Valley About 905 ACRES

Salisbury 10 miles, London 90 miles, A36/A303 within 1 mile. Waterloo 90 minutes.

Exceptional agricultural and sporting estate with a fine Grade II listed Elizabethan manor house. One of the best pheasant and partridge shoots in Wiltshire.

Manor house: 3 reception rooms, 6 principal bedrooms, 4 bathrooms and 7 further attic bedrooms.

Superb grounds, swimming pool, hard tennis court. Walled gardens.

Estate dwellings: Mill house and 6 cottages.

2 modern farmsteads. Arable land and 18 shooting coverts. Excellent shoot.

Chalk stream fishing on the River Wylye.

Savills, Salisbury. Tel: (0722) 20422. Contact: Rupert Montefiore.

MID DEVON – Chulmleigh 292 ACRES

Residential dairy farm with superb views in private situation with fishing and sporting appeal.

5/6 bedroom stone period farmhouse.

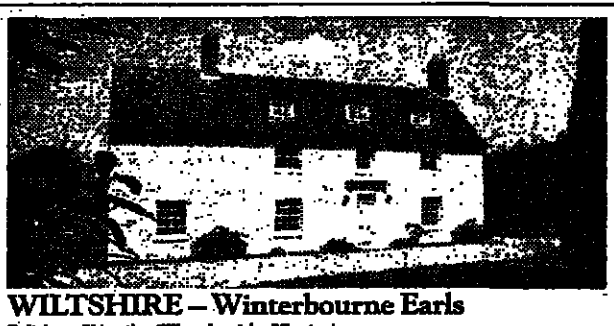
2 large stone barns with consent for 2 substantial dwellings.

3 bedroom modern cottage.

Modern dairy unit with 869,980 litre milk quota.

For sale as a whole or in 6 lots.

Joint Agents: Stags, Tiverton. Tel: (0884) 256331.
Savills, Salisbury. Tel: (0722) 20422. Savills, Wimborne. Tel: (0202) 887331.
Contact: Nick Sweeney.



WILTSHIRE – Winterbourne Earls

Salisbury 3½ miles (Waterloo 1 hr 27 mins),
Andover 15 miles (Waterloo 67 mins), A303 (linking with M3) 7 miles.

A handsome well appointed listed period house quietly set in its lovely grounds with 100 yards of river frontage.

3 reception rooms, study, 6 bedrooms, bathroom, 2 shower rooms.
Oil central heating. Outbuildings. Garaging. Gardens and grounds.
Fishing rights over 100 yards.

About 2 acres.

Region of £500,000.

Savills, Salisbury. Tel: (0722) 20422. Contact: JoAnne Archer.

OXFORDSHIRE – Dorchester-on-Thames

M40 9 miles, Oxford 9 miles, Henley 15 miles, London 49 miles.

One of the finest small country Queen Anne (listed) manor houses in the Oxford area, with great ease of access to Henley and London.

3 reception rooms, study, cellars. 6 bedrooms, 2 bathrooms, 2 attic rooms.

Garages, outbuildings.

Walled gardens and paddock with frontage to the River Thame.

About 4 acres.

Savills, Henley-on-Thames. Tel: (0491) 579990.
Savills, London. Tel: 01-499 8644.

SOMERSET – Somerton 548 ACRES

Taunton 19 miles, Yeovil 16 miles, Glastonbury 6 miles. Easy access to M5/A303.

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LONDON PROPERTY

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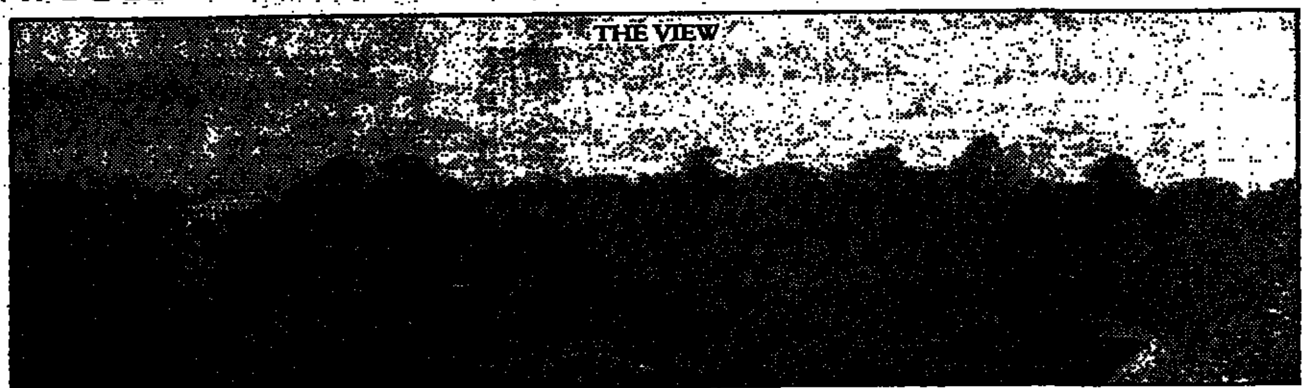

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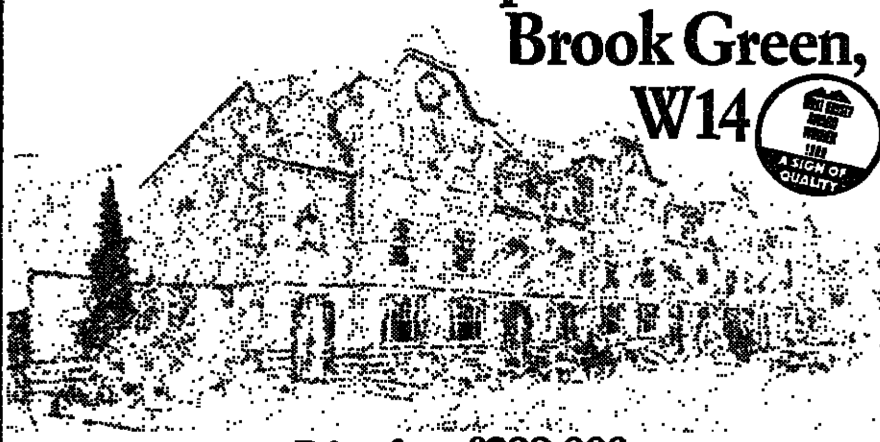

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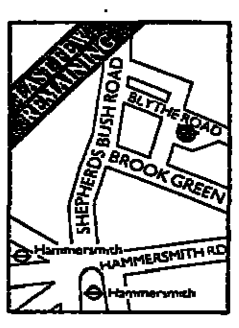

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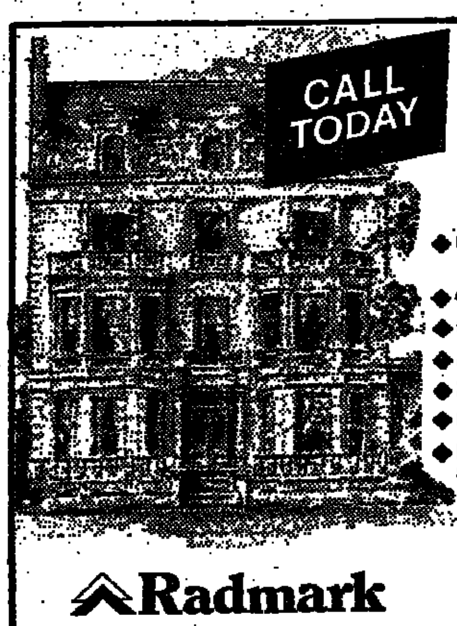

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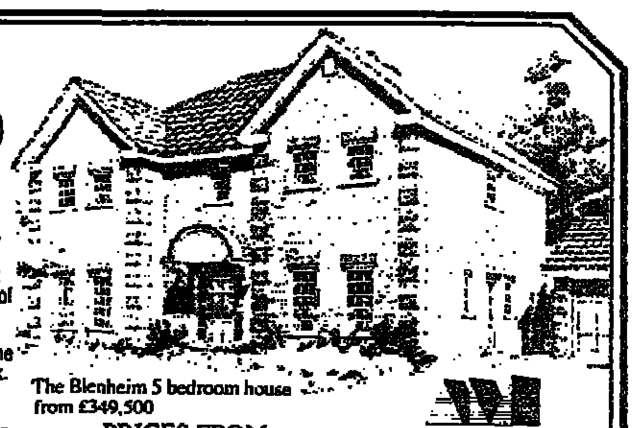

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LONDON PROPERTY

INTERNATIONAL PROPERTY

PROPERTY

East is east and west is . . . well, pricey

John Brennan looks at why two Thames-side developments carry such contrasting price-tags

THE SIMILARITIES are striking; both are Thames-side penthouses; both have been built on former scrapyards; both have smart addresses – although one is not as smart as the other; both lie close to building sites and have problematic road access; both are linked by riverbus services; and both are for sale. But it is there that the similarities end, for one costs £308 per sq ft for its internal space, the other £1,111 per sq ft, internal.

Cumberland Mills and Chelsea Harbour represent two contrasting ends of London's riverside housing. There is a £520,000 price tag for a 1,687 sq ft, four-floor penthouse at Thomas Bates and Sons' Cumberland Mills development, on the tip of the Isle of Dogs, and it is thought that £5m will be asked for the 4,500 sq ft top floors of the Belvedere Tower, in the P&O and Globe Investment Trust's Chelsea Harbour development. In both cases the agent is Savills (01-499 8644).

There are those unkind souls who point out that, in spite of its name, Chelsea Harbour is firmly in Fulham, lies next to the soon-to-be-redeveloped Fulham gas works site and the still-to-be-redeveloped Lots Road power station site, is next to a railway bridge and faces a none-too glamorous stretch of Battersea.

Advocates for the prosecution would further contrast Cumberland Mills' spectacular views of Greenwich and immediate access to the riverside Island Gardens with its Docklands Light Railway station.

But the jury wouldn't be swayed. West is chic and east is, well, the Isle of Dogs. Thus, the selling work on Chelsea Harbour's 300 apartments and houses is nearing completion – although top-floor flat enthusiasts still have a choice of five 1,858 to 2,404 sq ft apartments priced from £425,000 to £1.5m, as well as that yet to be released £5m top-of-the-tower slot.

Meanwhile the market downriver, as Russell Taylor at Savills' Docklands office says, "is definitely slow whatever anyone says, but we are selling.

"People come into the Wapping office and they're interested in property in Wapping; say the Isle of Dogs, and they don't want to know. But when you take them there they're surprised, because down at the end of the island it's past the building work and it's quiet – and you've got the river and the views."

With upwards of 3,000 completed or nearly completed flats and houses to choose from in the various Docklands housing markets, people who are viewing have become highly selective.

They are also treating asking prices as a starting point for negotiation, with developers reporting speculative bids 20 to 25 per cent below published sale prices.

Offers like that tend to be laughed out, but cash buyers can fairly easily trim 5 per cent or so from quoted prices on most schemes.

You too can be an estate agent

THANKS TO Lord Young and his team at the Department of Trade and Industry, if you have nothing better to do on Monday morning you could set up as an estate agent.

It might take a few days to organise a short-lease office, arrange a telephone and dispatch a few cards to drum up trade, but before the week is out you could be giving people valuations on their houses based on your wealth of experience.

Invest in good quality business cards and letterheads. Choose a rock-solid, almost familiar name for the agency, John D. Saville & Rutley, or perhaps something along the lines of Hampton, Parker & Stops. Use your year of birth as the founding date of the business – a reasonable approach for a sole trader, you'll agree – and, with luck, you might even sell something before too long.

Try the same thing as an insurance broker or general financial adviser and you would soon be packing your bags for a stretch in jail.

It is not long since the Office of Fair Trading (OFT) found no reason to advise its sponsoring ministry, Trade and Industry, to implement Section 22 of the 10-year-old Estate Agents Act. That section calls for each agent to have satisfied the OFT that he or she has a minimum standard of competence in the business.

It may seem a little odd to the 5m people involved in home moves each year that the country's principal consumer watchdog thinks it unnecessary for estate agents to be minimally competent and that the Department of Trade and Industry should talk of the need for self regulation, but not regulation. What should encourage those movers is that the agents think it odd as well.

Geoffrey van Cutsem, chairman of Savills' residential division, is the latest in a long line of senior agency people to complain just as bitterly about unprofessional estate agents as the most irritated customer. Commenting in Savills' magazine, van Cutsem rails at what he describes, "a scandal and an utter disgrace to the world of estate agency that a person's most valuable asset, their house, can quite legally be sold by an untrained, unqualified 18-year-old, fresh out of school, with no experience or professionalism and quite possibly not even token guidance from an experienced manager."

He wants agents to be licensed and a government-sponsored standards authority to monitor the agency business with the power to revoke an agent's licence for serious offences.

The Royal Institute of Chartered Surveyors also wants agents to be regulated, to operate within a statutory code of practice, and it wants implementation of the standards section of the Estate Agents Act, arguing that "competition is not stifled by demanding that estate agents show a reasonable standard of competence."

The National Association of Estate Agents has described the failure to implement the standards rule as "an opportunity missed." While a host of individual senior agency partners and directors have joined in the chorus.

Anthony Lassman, of Mayfair agent Lassmans, said he was "appalled at the lack of technical and ethical standards of unqualified practitioners in this service industry."

All this seeming unanimity raises the bemusing spectacle of a leading service industry virtually pleading for regulation while the regulators stand to one side chanting *caveat emptor* at home movers.

However, there is an intriguing and important descant to the general chorus of agreement among agency leaders that their business should be properly policed.

Geoffrey van Cutsem represents the case of many of the long-established agencies when he blames an "explosion of high street agents and the new big chains" in the bull market years of residential property as one reason for the arrival of inexperienced negotiators.

Criticism of the individual rogue agents is universal. However, there is a thinly disguised rift between the independent agencies and the new national chains. The independents are swift to criticise the standards of service in the office chains, which have been formed in the past five years by financial services groups.

The national agency chains have been among the loudest of those arguing for proper agency training and adequate regulation. It is the competition between the chains and independents that has helped to generate much of the pressure for improvements in the standard of customer service.

Joe Bradley, managing director of the country's largest agency chain, Prudential Property Services, has consistently argued for government regulation and for the importance of comprehensive staff training.

Jim Birrell, chief executive of the Halifax Building Society, with its own national agency, made the point at the Building Societies Association Conference earlier this month that "the impact of (these) national chains on the market-place has not yet been that great, since acquisition and assimilation have taken up much time and effort. But gradually, through the better and wider range of services these chains will offer, not only will the reputation of the estate agency profession improve, but the public will get a much better service."

Just how much better that service might be – and how surprising little these improvements rely upon the standard of estate agency skills – is highlighted by the results of the Halifax's survey of home moving difficulties.

The survey found that more than twice as many movers blamed solicitors for delays than agents for poor service. Even when checked against a list of possible difficulties, the buyers felt that legal delays outweighed problems with agents.

Overall, home moving is seen to be too slow and unduly complex, and whether the sales agent is good, bad or indifferent would have little impact on delays at the Land Registry, with local authority searches, or with conveyancing.

The Halifax favours regulated, but openly competitive conveyancing, on-line access to computerised and expanded Land Registry files incorporating all local authority search data. It also favours the creation of property log books containing all the relevant building, surveying and valuation information needed to transfer homes.

By making vendors responsible for providing all relevant information to prospective buyers, and by having progress chasers for buyers until all the paperwork involved in a purchase and sale have been drawn together, the Halifax sees no reason why the drama and delays of home buying should continue.

Cutting buying time would also ease the related difficulties of gazumping and its reverse, gazumdering, which are encouraged by the length of time it takes between agreeing to buy and signing the completion papers.

Taken to its logical conclusion, as the Relocation Services Institute suggested in its submission to Eric Forth, the consumer affairs minister at the DTI, there is no real reason why home buying should not be a one-day transaction.

In this scenario a buyer holding a pre-arranged mortgage loan certificate is introduced to a seller holding the property's full, updated records. Both are advised, the vendor's estate agent paralleled by the buyer's relocation agent.

A computer check of local and Land Registry records takes a matter of minutes, a physical inspection an hour or so, then it's a matter of buyer, seller, their agents and the agents' conveyancing lawyers meeting and signing at a Notary Public's office. The Notary keys-in the transfer details to the various property registers, and the deal is completed.

Given that realistic, albeit still distant, target for an efficient property transfer system, the debate about estate agents' standards can be seen in better perspective.

Complaints about rogue agents spark indignant reactions within the business. But they are a virtual side issue set against the radical changes for the way we exchange homes that are on the horizon.

J.B.

PROPERTY

You don't have to own a yacht — or be ultra-rich — to enjoy a marina home, says ***John Brennan***

The novelty value of waterside homes

TAKE A home, add a scenic stretch of water, and you have that saleable commodity, the waterside property. Developers and sales agents know that a property's proximity to water has a hypnotic effect on people's attitude to prices. Direct price comparisons between equivalent waterfront and landside properties tend to be misleading.

In new schemes developers make their architects contort designs to ensure that there is a dockside, lakeside, riverside, or seaside view somewhere in the frame. If the site is not that maleable, designs may well incorporate sufficient distinctions in size and fittings between the waterfront and the non-waterfront properties to even-up their value.

The best hope of defining the watery premium is to look at refurbished dockside properties, although here again developers are only rarely trapped by the physical structure of a building into providing exactly comparable homes on and off the water. Such comparable evidence as there is tends to be limited to the big dock refurbishment and rebuilding schemes. In Swansea, Liverpool and parts of London's Docklands, during the past few years' bull market, a water view would have added roughly 20 per cent to the sale price of a property.

Critically, both for developers and for buyers considering resale values, a water view can make the difference between a sale being completed or not. In effect, waterside homes are coming to represent a distinctive sub-section of the housing market, and a sub-section that is showing at least a degree of insulation from the general indifference that has characterised residential sales since the autumn. This is a view you will find expressed in an enthusiastic, but normally vague way, by any agent with a property on the waterfront on his or her books. That could be discounted as sales talk but for the fact that there have been changes in this end of the housing market in recent years which back up the anecdotal case for the emergence of a distinctive waterfront market.

The single most important change has been the impact of tight planning controls on greenfield housebuilding sites. As the supply of easy sites has dried up, builders have been forced to tackle more complex sites. That site shortage has translated into a two or three-fold increase in land costs and completed property prices across the country in the past five years. The builders' problem has come complete with its own solution. Higher sale prices have justified the higher costs of building on river banks, or of undertaking the rehabilitation of former docksides.

Mrs Thatcher looks at a model of the St Peter's Basin development with Sir Lawrie Barratt (right) Barratt Group chairman John Swanson (left) and Barratt Newcastle managing director Jimmy Adams

Builders would not have taken to the water to such an extent but for another change — the adoption of improved construction techniques. Add in the effect on planners and builders of seeing harbour housing developments come to life, plus Government pressure on local authorities and state industries to release redundant industrial land for development, and you have all but one of the the ingredients needed to explain the creation of a new generation of waterfront homes.

The only missing element is buying demand. But given the site constraints, and the opportunities presented to builders by former industrial wharfs and surplus dock space, the market for the new generation of waterfront properties has been, to a great extent, supply-led. Of course, if people hated living on waterfront sites that new supply would have been short-lived. Builders would have moved on to mountain tops, or motorway-view properties. But since water does appeal, the announcement of a steady stream of new marina, dock and lakeside homes around the country has created an element of marketing momentum.

Increasing familiarity with the idea of water-linked developments, and the generally high quality of these schemes where the extra site preparation costs have, in any event, dictated the need for higher-priced homes, has made people see that living in sight of boats is a realistic, as opposed to an idealistic housing option.

There have always been people who buy and convert lighthouses, who can afford a riverside mansion in Henley, or whose retirement dream is a bungalow by the sea near Broadstairs. But it is only with the new generation of comprehensive developments that a broader range of buyers has been able to look on waterside homes as a direct alternative to a new executive house, to a retirement apartment, or as a way of combining a first home and holiday home under a single roof.

Even five years ago the sight of Sir Lawrie Barratt, life president of Barratt Group, showing Mrs Thatcher, the Prime Minister, plans for a £26m, 281-home, marina-centred redevelopment of St Peter's Basin, Newcastle, would have been regarded as the height of eccentricity. Now, with Barratt's waterside homes selling from Brighton to Liverpool, the only oddity about a Newcastle marina with homes priced from £30,000 to £110,000 is that no one thought of doing it before.

The news that there was to be another big marine scheme by the River Wear, this time a £30m, 350-home project on Brunel's North Dock in Sunderland — proposed by Newcastle architects AJS Partnership and to be developed jointly by Bowey and Leech — has generated considerable local interest. Any such plan, and certainly any two such plans at more-or-less the same time on a hard-worked river such as the Wear would have would have been seen as cause to reach for the straitjackets at the beginning of the 1980's.

Familiarity has, then, bred content with the idea of buying by water. There is no sign that the market is losing its novelty value. At Brixham, on the south of Torbay in south Devon, the show houses in US marine developer Charles B Flemming's 64-home Prince William Quay development are reported to have have drawn in 3,000 visitors in the first 10 weeks of viewing after Christmas. While it is inevitable that the locals would want to see what you obtain for £175,000 to £350,000 a time, it is hard to imagine that an equivalent estate of executive homes, in some nondescript cul-de-sac, would have drawn a queue at a time when most new homes' sales staff were getting lonely.

Short-term, that interest may be tempered by the caution that has cut home sales volume to a shadow of the activity in the market at this time last year. Long-term, it underpins resale values as marina homes cease to be seen as the preserve of those who actually use the yachts that add interest to the view.

Supply is failing to meet demand for rented housing in Wiltshire

Would-be tenants search for homes

The 1988 Housing Act has failed to become bedside reading for the landlords of Wiltshire.

Andrew Wickham, of the Ramsbury office of surveyors John German, said would-be tenants were queuing up for properties across the county but few owners seemed to have noticed the provisions of the Act, which came into force in mid-January, effectively ended long-term security of tenure for new tenants.

Assured Shorthold Tenancies allow owners to rent for six-month stretches with no risk of finding that their tenant has acquired any right to stay in the property beyond that term, yet, as Wickham says, few vacant properties have come on to the rental market since the new rules came into force.

"There are any number of people who are looking for somewhere to rent for all sorts of reasons. At one end there are people who cannot afford a mortgage at the moment, at the other, there are many people whose jobs have moved into the area and who want to rent for a time to look around before deciding what to buy," he said.

"They are wary of buying straightaway, and in areas like Marlborough, Ramsey, Hungerford, Newbury and all around Swindon, people are looking for homes to rent.

"I get 20 or so inquiries each week and it is impossible to match demand with supply."

Wickham reports that a three bedroom modern house in Marlborough would be let for around £450 a month at the moment, while a similar sized period property could rent for £500 to £600 a month.

At those prices rental yields range up to about 6 per cent gross, not enough to make a purchase for rent a viable proposition. But that is sufficient to make a meaningful contribution towards holding costs for anyone with a vacant property in the area, and certainly worth considering for anyone with a reasonable family-sized, and under-used holiday property able to be let out for at least half a year at a time who doesn't want the problems of organising shorter holiday lettings.

Andrew Wickham (0672 55755) and his queues of would-be tenants are certainly keen to hear from any Wiltshire owners with space standing empty.

J.B

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TRAVEL

A primeval, changeless landscape

Michael Wigan visits the extreme north of Scotland

TO CROSS over into the pastoral scenery of Caithness, in Scotland, astonishes first-timers travelling north from the wild expanses of Sutherland. Caithness, which looks like nowhere else, seems the beginning of a new landform instead of the cap of the British mainland. Again, appearances are deceptive approaching Orkney across the notoriously tempestuous Pentland Firth.

Hoy's beetling 1,000 ft cliffs, the tottering red stack of the Old Man, give way not to another mountainous terrain but to the verdant and gently sloping pastures of Orkney's *fertile escarpment. Scotland's* far north, warmed by the north Atlantic drift, is geographically, historically and temperamentally apart from the rest of the Highlands.

Where Orkney's landmass has been occupied and utilised for as long as anywhere in Britain (since 6,000 BC), Caithness boasts a primevally changeless landscape (the latest forestry incursions apart) – a deep peat ecosystem that never supported trees even when the Highlands were clothed in Caledonian forest.

The builders of the Camster Cairns (two huge tortoise-shaped drystone burial chambers), emerging from the ceremonial interment of their chiefs 3,000 years ago, glimpsed through swirling mists a level heather-clad moorland little different from any visitor's view today.

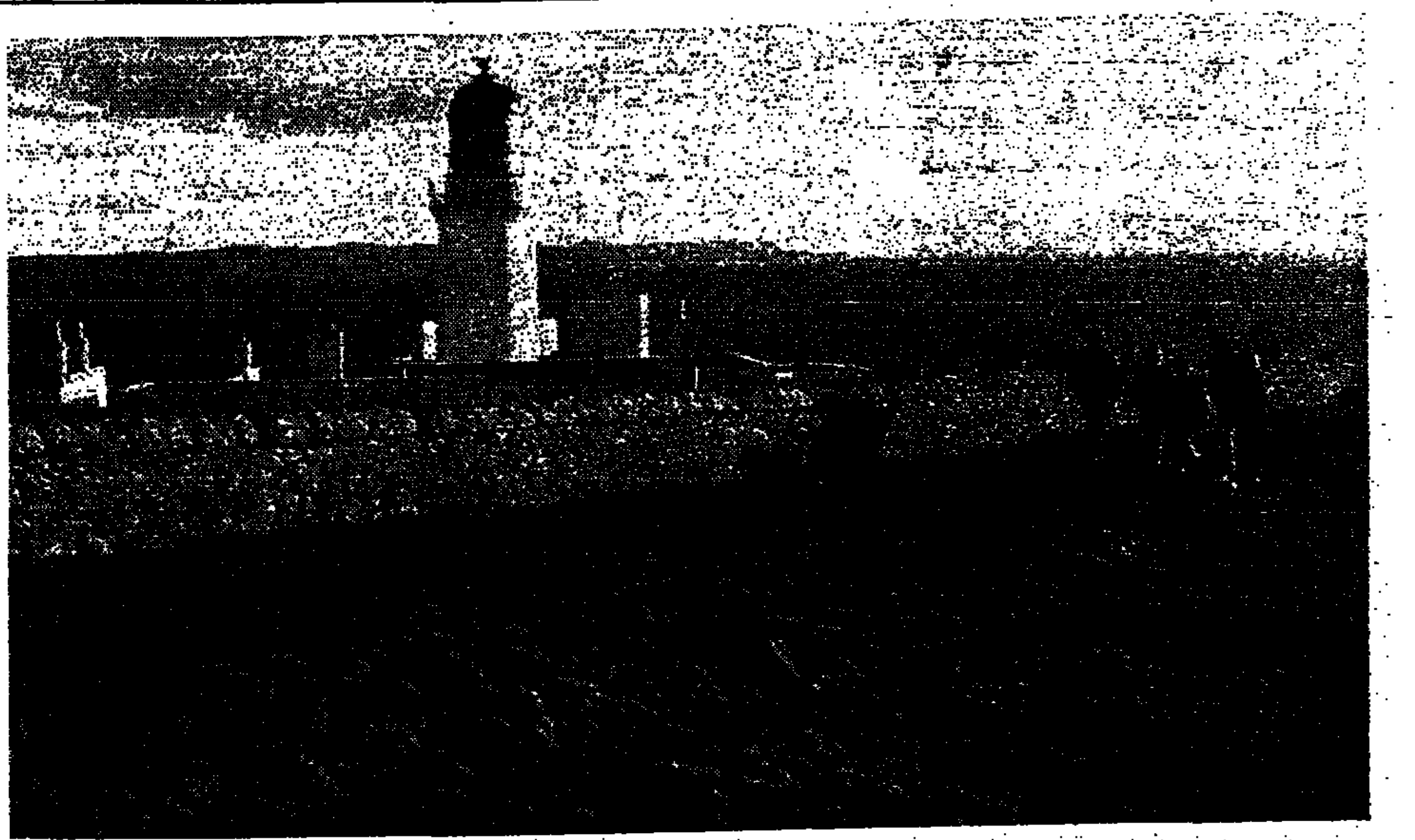
The gleaming white quartzite cones of the county's southern mountain marches slope sharply down to extensive peatland, which itself yields as it nears the coast to crofted farms and walled fields. These reach to the cliff edge which girds the county's coast almost uninterruptedly.

The characteristic Caithness feature is walls of upright flagstones. These flat grey slabs dappled with mosses, locally quarried, are sunk in the ground and overlapped at the ends, presenting the only windbreak in an almost treeless county. Commercial forestry will soon chequer this timeless scene, although so far most of the trees are mere sprigs tossing in the wind.

Caithness's two main towns, Wick and Thurso, are also predominantly grey, the huge pavement flags matching the dark stone-slated houses in a homogeneity of sober colour reminiscent of Welsh mining villages. As might be expected of the two seaport townships isolated on Scotland's northern tip, Wick and Thurso maintain a friendly rivalry, Wick youths *being known as Dirty Wickers* in Thurso. Thurso's smaller size has been complemented by the expansion of Dounreay which, with 2,000 employees, accounts for a good proportion of the county's workforce.

The nuclear reprocessing plant has opened a political divide between Caithness and Orkney. The large economic and social significance of Dounreay in a county of only 27,000 souls ensures local support for any planned expansion of the station. But British Nuclear Fuels has a much harder time reassuring the Orcadians, worried that their economy, with its heavy dependence on fishing and tourism, could be jeopardised if an accident occurred.

Caithness is in the ticklish position of benefiting from tourists – almost all of whom are bound for Orkney. The county is a tourist backwater despite possessing some of Scotland's most romantic castles (Dunbeath, for example: a white, pinnacled, fairytale edifice perched on a cliff), and some mysterious archaeological monuments (the Hill O'Stanes: concentric neolithic circles of pointed dragon's teeth rocks, protruding from a coastal hilltop). The least interesting place is the most visited – John O'Groats, site of a kiosk, a ferry and a starkly-situated hotel.



Dunnet Head lighthouse, Caithness — the extreme north of the British mainland

Although technically part of the Highlands, Caithness people, with their breezy and vigorous outlook, tend to regard themselves as special. It was only late in the 12th century that Caithness became part of Scotland at all. But it was not until 1471 that the Norse jarls, for whom Scotland's north had become a southerly province, agreed to unite the earldoms of Orkney and Shetland with the Scottish crown.

Orcadians' Norse origins are apparent in place names, oddities of land tenure and the style of boatbuilding

Orcadians' Norse origins, apparent in the place names, oddities of land tenure and the style of local boatbuilding, are part of the islanders' awareness. The contrast between the islands which comprise Orkney on the one hand, and Sutherland and the wilder parts of Caithness on the other, is extreme.

The main Orkney island (Orkney "mainland" as they call it) has been converted wholesale to agricultural production in a maximisation of every available acre of the old red sandstone mantle. Almost no remaining moorland is left.

Orkney's spacious fields unfolding into silver bays, the abundance of historic monuments and the narrow roads meandering through a well-tended landscape, give an atmosphere of timeless solidity, of human effort having matched itself to a well-blessed environment. It has at once the feeling of being an island without the aggressive self-justification, born of dependence, that disfigures more precarious Scottish island communities.

Orkney conspicuously lacks the tragedy-soaked feeling of the Highlands. The high romantic idealism which inspired the Jacobite rebellions passed Orkney by. As a community which witnessed its last native revolution, when the Orcadian Picts were overcome by the Norse in the 8th century, Orkney has developed a spirit of resolute independence. This is manifest in the system of co-operative farming which enables farmers to overcome the crippling costs of ferried imports.

Orkney is certainly making its historic monuments relevant. The 5,000-year-old neolithic village at Skara Brae, probably the most perfect Stone Age village in Europe, is imaginatively presented by an onsite guide. Looking down on this small coastal township, buried in a sandstorm several millenia ago, it is extraordinary to recognise sophisticated drainage, cupboards of stone flags built into walls, fish tanks for the kitchen, conventional doorways, and so on.

Orkney's circles of standing stones (notably Stenness and Brodgar) give distinctive character to the landscape, both as significant, indeed awesome, remains, and as an integral part of Orcadian scenery. From miles about you see their vertical dolmens bisecting the undulating planes of the hills.

The chambered cairn at Maeshowe (circa 2,500 BC), again the finest of its type, is a beehive burial tomb built for kings, and fit for them. In its central chamber the marauding 12th century Vikings have left their eerily modern graffiti and runic inscriptions.

But the Norse invaders were far from being the ruthless predators of folklore. St Magnus Cathedral, similar to Durham in design but built in red and honey-coloured sandstone, is magnificent. And the St Magnus church on the island of Egilsay, with its 48 ft Irish round tower, is as pleasingly proportioned a landmark as you could wish.

Among their lovingly-preserved ruins, the Orcadians bustle with prodigious energy. Small-scale craft businesses such as knitwear, shellfish farms and specialised food products abound.

Diligence is not unmixed with sly humour. Two years ago I was intrigued by the more-than-ordinary number of birdwatchers thronging the pier. A report had been subtly disseminated that the legendary great auk, an extinct flightless seabird last seen there in the 17th century, had again been sighted. The ferries plied a good trade for some weeks.

The forgotten corners of Britain (Galloway, south-west Wales) generally lie on the west. Caithness and Orkney, like complementary provinces separated by one stormy firth, have the vigour of the eastern seaboard and the resilience of the north. Best of all, they are known for possessing some of the finest wild fishing in Britain. The folk are knowledgeable in the ways of the lochs. If it is personal contact you want, ask about the fishing.

TRAVEL & MOTORING

David Scott ventures off the beaten track in Japan

Samurai turned teaboys

JAPANESE LAVATORIES are similar to the French type but they are set into raised platforms rather than into the ground and the end of the pan away from the door is hooded. One squats facing the hood. In the "gents" in Kanazawa station I noticed that a western-style toilet had been fitted: a common sight in Tokyo, but here more rare; instructions on how to use it had been posted to the underside of the seat.

Kanazawa, on the Japan Sea coast, has always been physically separated from the political and westernising influences of Tokyo and Kyoto to the east by the duration and severity of its winter snows and by the jagged mountains of the Japan Alps.

Even today it is rarely visited by foreigners. However, the city, which escaped wartime bombing, has a long history as a centre for arts and crafts, and it is well known to Japanese visitors. It is in part an old castle town and partly a modern city with busy department stores and a thriving night life. For those wishing to explore both modern and traditional Japanese cultures and architecture and to get off the beaten track, it is an excellent place to visit.

I had little luggage and time to spare, and decided to take a bus rather than a taxi from the station to my hotel. The bus driver wore a smart uniform and, like street cleaners I had seen in Tokyo, spotless white gloves. At each bus stop a disembodied recorded voice broadcast a "thank you" to departing passengers and a welcome to those boarding. We stopped at a zebra crossing and the sound of cuckoos calling filtered through the bus windows. This, I was told, was the "safe to cross" signal for blind people.

The city was ruled until the end of the Edo period by the politically astute Maeda Clan. From the mid-17th century, with the intention of allaying Shogunate mistrust of their military power, the clan lords instituted a strategy of cultivating cultural, as opposed to martial, arts. Weapons foundries were turned into lacquerware workshops, Samurai warriors were trained in the tea ceremony, artisans were encouraged to take part in performances of Noh theatre and renowned craftsmen and artists were tempted to the city with offers of large salaries.

These visable demonstrations of peaceful intent were successful, and while other feudal lords lost their lands the Maeda Clan retained its stronghold in Kanazawa. Their legacy is responsible for much of the present day artistic character of the city. Kanazawa is well suited to discovery on foot. Off the main thoroughfare, which differs little from those of other Japanese cities, there are numerous winding streets, dead end alleyways and moats designed to confuse would-be attackers of the central castle site.

Beneath the castle mound, marked now only by its original entrance gate, is Kenrokuen, the Maeda Clan's private garden and categorised as one of the finest three parks in Japan. The best time to visit is early morning, before the arrival of parties of camera-toting Japanese visitors. The moss-covered earth will still be moist with dew, and one can sit in solitude in the Moonflower Pavilion teahouse, order bean jam cakes and green whisked tea and contemplate the sight and sound of Midori Taki (the Green Waterfall).

Flowers bloom all year around. I was there in the winter and saw plum trees in blossom. Kenroken is said to perfectly combine the six qualities by which a garden is classically judged: size, seclusion, artificiality, running water, views and age.

Wooden structures rot and burn easily, but in a land of volcanoes, earthquakes and hurricanes they are preferred to stone buildings, which cannot be so easily or quickly rebuilt. The design of the timber Samurai homes in the Nagamachi district, like those of other traditional structures in Kanazawa, was also dictated by the weather. Their steep roofs are covered in shiny tiles, glazed to reflect the winter sun's rays. The meagre heat generated slowly melts the snow, otherwise so heavy that it threatens even the strength of stout wooden roof supports. Long eaves and overhanging verandahs give protection from the sun and rain.

Kanazawa, on the Japan Sea coast, is in part an old castle town, top left, and partly a modern city, below, and has always been physically separated from the westernising influences of Tokyo to the east by the severity of its winter snows and by the jagged mountains of the Japan Alps. Kenrokuen, above, the private gardens of the 17th-century Maeda Clan, is one of the finest three parks in Japan

The entrance gates to the oldest of the houses are reached only by narrow bridges across moats, which even nowadays remain water-filled. The occasional glimpse of a satellite dish clamped to a wooden wall, or a coloured plastic bin seen through a gateway, suggest that these houses are still lived in.

The Eastern Pleasure Quarter in the Higashi district was set aside in 1820 by the Maeda government as an entertainment area for high-ranking citizens. The most talented and beautiful of "free" geisha girls provided evenings of music, dancing, conversation and – perhaps – other more intimate pleasures.

The lower class Western Pleasure Quarter was marked by heavy locked gates that ensured that enslaved geishas did not run away. The eastern area is distinguished by neat rows of geisha tea houses each with a slatted wooden facade and an oblong paper lamp shade over its entranceway. Rising costs and a demand for sleazier entertainment has reduced business, but some of the old atmosphere can still be experienced along Higashi Main Street when, of an evening, the strains of shamisan playing, and the shrill tones of Japanese singing, can be heard. Shima, the fifth house down the street on the left going east, is an elegant former geisha house open for viewing (at irregular times).

Hosenji temple, reached up a long line of stone steps, is also in the Higashi district. It is worth a visit for the excellent view from the temple gardens of the city, the sea and surrounding mountains. Hosenji also houses a small gold statuette of Marishiten, one of the very few Buddhist gods of war. Lord Toshiie of the Maeda Clan wore it on his helmet when going into battle. Nowadays, less impressively, politicians seeking re-election visit the temple to pay homage to it. The statuette itself is put on display only once every 33 years. The next viewing year is 1994.

Rising behind the Pleasure Quarter and overlooking Kanazawa is the Utatsyma mountain. As in other areas of Japanese life, the spiritual and worldly live cheek by jowl: the mountainside is scattered with 40 individual Buddhist and Shinto temples and shrines. Some are still in use, others are in varying degrees of moss-covered decay.

An exploration of them along the quiet, spiral roads and wooden pathways of the mountain reveals a history of centuries of changing architectural styles, religious fashions and numerous old statues of heroes from every area of Japanese life. On the flat summit of Utatsyma is an artificial "natural" park with many different trees and shrubs and occasional patches of grass on which sitting is allowed – a rare freedom in Japanese parks.

In Kanazawa I stayed at various times at three different hotels. The Murataya was a cheap Japanese inn run by three delightful old ladies. I had a room which served as a living space during the day. At night a futon and a quilt, stored in a cupboard in the room, were unrolled on the floor for sleeping on. There was a communal hot tub for bathing. It is a friendly place for those on a tight budget.

I stayed one night at the Miyabo, which is very traditional and expensive. My room overlooked a beautiful garden, the tatami mats were edged with brocade, and the furniture was lacquered. Exquisite Japanese food was served in the room by one's personal maid. For a quintessential but formal Japanese experience, a short stay is recommended. For the rest of the time I stayed at the Kamazawa Tokyu in the city centre, a first-class western-style hotel. The service was good and the staff spoke English.

TRAVEL BUSINESS

Winter warmers

WINTER HOLIDAYS may seem a long way off but they are very much on the minds of Britain's package tour operators. This week and next they launch their winter holiday brochures.

Their enthusiasm for selling winter sunshine packages appears undaunted by the sharp decline in package holiday bookings for this summer. Bookings, according to the holiday companies, are expected to be some 10 per cent lower this summer than last.

Thomson Holidays, Britain's largest package tour operator for both summer and winter holidays, launched its winter programme this week with more than a million holidays on offer, slightly more than it sold last year.

Charles Newbold, Thomson's managing director, believes that the winter market "will be a lot more resilient than the summermarket this year." He points out that those taking winter holidays tend to be older and more affluent than the average holidaymaker restricted to just a summer break.

"Older consumers seem less affected by the rise in interest and mortgage rates and still have the disposable income for a winter break," he adds.

This winter holidaymakers are also likely to spend more, on average, than in previous years because of the popularity of long-haul destinations such as Florida (especially Walt Disney World in Orlando with its latest addition, the Disney/MGM film studios) and Egypt.

The main reason for the appearance of next winter's holiday brochures – even before the peak summer holiday season has taken place – is mainly to attract those holidaymakers who want to book specific hotels and destinations at busy times (Christmas and Easter) as well as chalets and hotels for skiing groups.

Even so, competition among travel agents for the business has already led to discounts being offered by some agents. Lunn Poly, for example, is offering £15 per person off winter holidays as well as deposits of only £20 per person.

"Our winter discounts are the biggest yet," says Paula Vennels, Lunn Poly's marketing director. "But for large groups it is especially important to book early to ensure availability."

Those holidaymakers still awaiting large-scale discounts on this summer's unsold package holidays, however, will probably be disappointed this year. Unlike previous summers, the tour operators took the decision earlier this year to cut airline and hotel capacity, in expectation of the overall market decline by comparison with last year.

Not surprisingly, once they had initiated such cuts after the slow bookings in the first few months of the year, sales started to pick up. "The trade may have cut back capacity by too much," suggests Vic Fatah, managing director of Redwing Holidays, the third largest tour operator. Redwing's trade names include Sovereign, Enterprise, and Sunmed, and it is experiencing a sales surge of between 35 and 40 per cent above last year's levels.

Travel agents report that many holidaymakers are surprised to discover that availability and discounts are in such short supply this summer, having expected them to be more widely available. Pickfords Travel says: "shops in every region are reporting strong sales to the traditional Mediterranean resorts."

This bookings surge, however, appears restricted to late May and June with July and August – the peak months at highest prices – still largely unsold. Judicious discounts on such high season holidays may, therefore, become available nearer the time. But it remains very much a gamble.

Less of a risk is the offer from Page & Moy, the tour operator and retailer owned by Barclays Bank, which operates a scheme through Barclaycard giving extra discounts on any of 48 major tour operators holiday programmes. In addition to any discounts offered by the operators themselves, Page & Moy will give a discount in the form of a cheque on the cost of the holiday. Rebates range from £20 on a holiday costing under £449 to £400 on holidays costing £6,500 or more.

David Churchill

Should you let in the sunshine?

Stuart Marshall discusses the potential perils of car sunroofs

IS IT worth having a sunroof in your car if it increases the risk of head injury? And are the car makers aware of the potential danger posed by hard areas in the roof?

The questions were put to me by a reader, R.L. Anderson, of Bromley, Kent. He must know something about the results of heads contacting things tougher than the average skull because he is a police officer.

Although he says he has no medical evidence to substantiate it, he makes this point: "I firmly believe the roof lining must be smooth and that most sunroof frames provide unacceptably dangerous structures in a critical area of the vehicle interior."

Anderson has found that many sunroof frames have hard, sharp ridges close to, even touching, the heads of drivers of his height (5ft 11ins). Some also have large, sharp handles which, in his view, are potentially lethal.

Sunroofs have become very popular. Car makers provide them as standard equipment to boost sales and keep up with the competition.

Private buyers and company car user-choosers demand them, although it has to be said that tall drivers are not always very keen. One lanky motorist who wrote to me, reckoned that a no-cost optional extra ought to be the elimination of the standard sunroof.

Back to my police officer reader, who says examples are not hard to find. He cites the Nissan Bluebird and Volvo 700 series.

Of the Bluebird, which has a power-operated sunroof as standard, he says: "If I lean forward in a Bluebird against a seat belt, my head comes into contact with a hard, unpadded ridge.

"In minor accidents involving side, rear or angled impacts, a seat belt cannot prevent one's head from getting a bang. I would not feel safe in such a vehicle, even in a low-speed shunt."

But Anderson feels the worst example of sacrificing headroom in modern cars is the Volvo 700 series, which may come as a shock to that safety obsessed Swedish manufacturer.

"The only large Volvo in the 700 series that has enough room for a front seat occupant over 5ft 11ins is the cheapest 740GL," he says. "That is because all the rest have sunroofs, which make them feel much more cramped."

They were no use to tall people, even with the seat adjusted down, although they were otherwise very spacious. The ridge of the sunroof was uncomfortable if contacted with the head, as might happen when the car hits a bump.

Anderson concludes: "Although sunroofs are popular, I have never felt any great need to have a hole in the top of my car. Perhaps car makers are underestimating the height of motorists – or the seriousness of head injury."

Where do I stand in this? I am 6ft 2ins and admit to liking sunroofs – especially the glass, power-operated kind. Even when shut, they make the interior more cheerful on dull days.

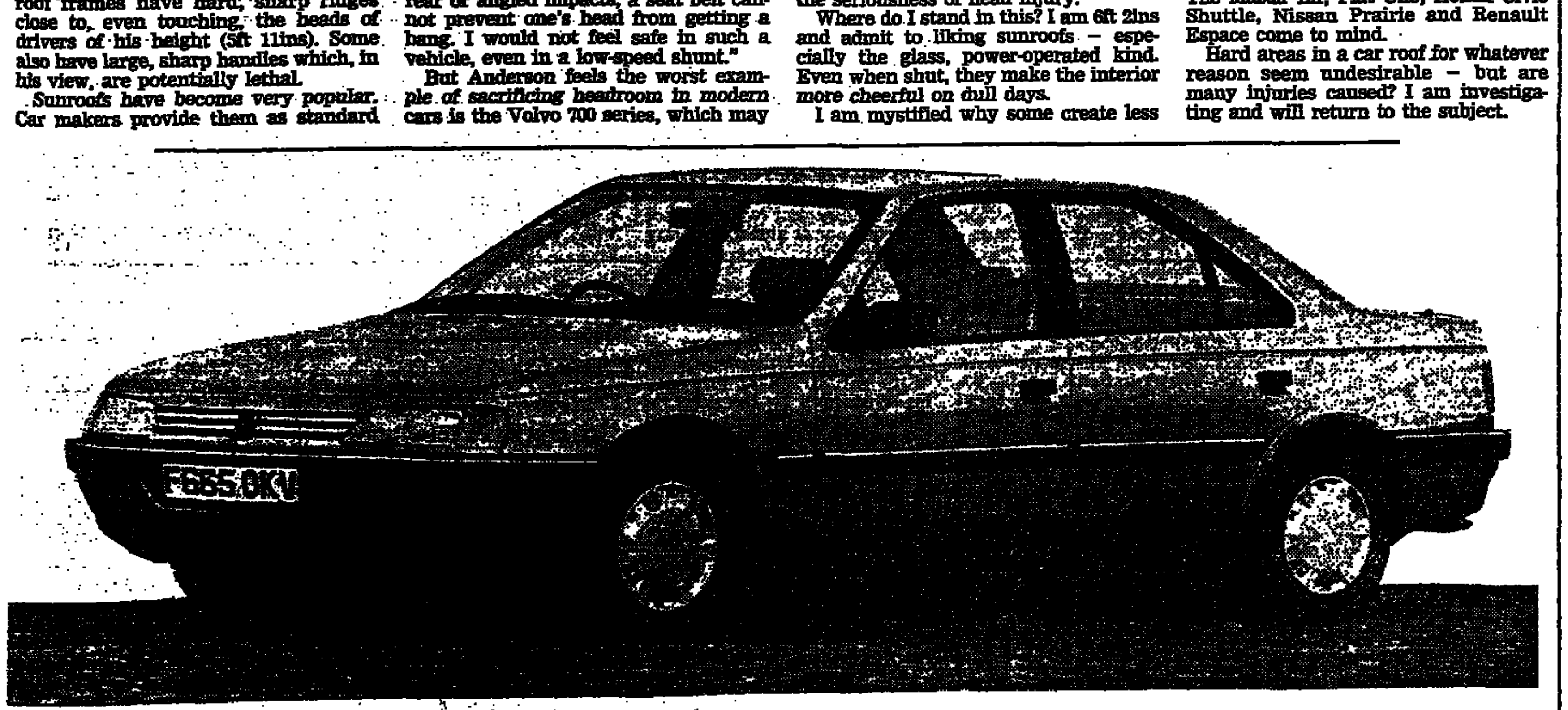
I am mystified why some create less turbulence when open than others and are therefore more usable at normal speeds. I cannot remember being troubled by lack of clear headroom in either the Nissan Bluebird, which I drove for some months, or any of the posher Volvo 700s.

But Anderson clearly has a point. In some smaller cars I have been conscious of height restriction caused by the sliding sunroof frame. Pop-out sunroofs take up less space, which is why Ford has chosen this kind for the new Fiesta.

It is possible for motorists who like both sliding sunroofs and ample headroom to have their cake and eat it.

They should consider one of the growing number of taller cars available. The Mazda 121, Fiat Uno, Honda Civic Shuttle, Nissan Prairie and Renault Espace come to mind.

Hard areas in a car roof for whatever reason seem undesirable – but are many injuries caused? I am investigating and will return to the subject.



HARDLY A week goes by without a new 4x4 car being introduced. This time it is Peugeot's turn. The 405 GLx4 (pictured above) is the first of two distinctly different variants of this popular family-cum-company car to have four-wheel drive.

Both have full-time 4x4 transmissions. Four-wheel drive is permanently engaged, with provision for the front and rear wheels to revolve at different speeds (as when going round a corner) without putting extra stress on transmission or tyres.

The 405 GLx4, which will be in British showrooms later this month, has a simpler 4x4 system than the very potent, 160 horsepower Mi16x4, which arrives here in late autumn. The driver can lock the centre and rear differentials manually if more traction is needed, say, to restart on a steep, icy hill.

The price will be announced in a few days. I expect the 405 GLx4 to cost about the same as the comparable Vauxhall Cavalier 4x4 (£11,750) whereas the Mi16x4 will probably be well over £18,000.

The system fitted to the Mi16x4 is more advanced. Instead of manually locked differentials, it has a viscous coupling and Torsen (torque sensing) differentials. These automatically distribute power to the wheels which have the best grip without any intervention by the driver.

Although both GLx4 and Mi16x4 have self-levelling rear suspension which can be jacked up to clear rough terrain, they are road-going, not on-off road, cars.

Unlike Ford, which sensibly offers its V-6 engined Sierra estate with four-wheel drive, Peugeot appears to have no plans at present for a 4x4 version of the 405 estate.

In France, Citroen – like Peugeot a member of the PSA Group – has already announced four-wheel driven BX estates, but has not yet decided if they are to be imported into Britain.

If not, I think a great opportunity will be missed. For years Subaru has almost monopolised the niche market it pioneered for a road-going estate car that can take to muddy tracks and fields without getting stuck.

In fact, motorists with a serious need for four-wheel drive traction (as distinct from those who merely like to be seen driving a high-slung, knobbly tyred 4x4) are more likely to be in a Subaru than, say, a Range Rover.

Many Subarus are owned by farmers, whose devotion to diesel vehicles is partly explained by the cheap bulk supply they keep in their yards. Subaru has never offered a diesel car, whereas the Citroen BX diesel estate is a market leader.

A BX estate with four-wheel drive, diesel (or turbo-diesel) power and its standard self-levelling suspension to increase ground clearance could push Subaru from the top of the heap it has occupied for so long.

This is just a gut reaction of mine, bolstered by talking to farming friends. So far, Citroen has not even decided to make a diesel BX 4x4, let alone bring one into Britain. But I think it should at least contemplate doing so seriously; and I am sure Subaru hopes it will not.

S.M.

Crucial years in France

***Anthony Curtis** on an assessment of Paris before the Great War*

PARIS ON THE EVE: 1900-1914
by Vincent Cronin
Collins £18.00. 484 pages

THE FIRST decade and a half of this century was a formative one in France. Many political, social and artistic movements which came to fruition after the First World War began then. A host of new publications were founded during this period to join in the argument and further the attack with passionate commitment, newspapers such as *L'Humanité* and monthly periodicals like *La Nouvelle Revue Française*.

Vincent Cronin, who has already won numerous accolades for excellent books on earlier periods of French history, *Louis XIV*, *Louis and Antoinette*, *Napoleon*, now turns his attention to these crucial years. In Paris, his vantage-point, a great deal was happening in government and foreign policy, philosophical speculation, science and the arts. Cronin has enviable understanding in all these areas but he has a hard task to make a coherent narrative or discernible pattern for the general reader whose needs he has in mind.

France was playing a complex game on the international chessboard, with a strategy master-minded by the Foreign Minister Theophile Delcassé, aimed at strengthening its hold over Morocco and thwarting German desires for an equal slice of that cake. The mood was expansionist both politically and culturally. Henri Bergson was adumbrating a new view of consciousness and memory in his lectures at the Collège de France, while Pierre and Eve Curie, working in a shed at the back of the Ecòle de Physique, were succeeding in isolating a substance they called radium.

A young member of the French consular service in the Far East, Paul Claudel, was engaged in writing plays and odes on Catholic themes and at the same time was involved in a passionate love-affair with a woman known to history as R. who bore him a child. His friend André Gide, who also wrote plays, had made a strange *mariage blanc* with his cousin Madeleine while almost simultaneously discovering the delights of making love to Arab boys.

Gide and Claudel were to engage in a lengthy correspondence about the nature of right conduct and moral authority which would ultimately end their friendship and help to pioneer our own sexual revolution. A neurotic doctor's son who had listened attentively to Bergson and who suffered terribly from asthma, and who was a terrific snob, one Marcel Proust, had begun to set down some fragments on the pleasures of remembering past time.

A young piano-teacher and composer who had been to Bayreuth but was now living with his tubercular wife in bohemian Paris, one Claude-Achille Debussy, had at long last managed to crack the bureaucracy of the Paris Opéra and get them to agree to stage a work he had made out of the famous Belgian playwright Maeterlinck's drama, *Pelleas et Mèlisande*.

A Spanish art teacher's son from Barcelona, Pablo Ruiz, had arrived in Paris at the beginning of the century and adopted his mother's name of Picasso. He had done some paintings of a sentimentally pious nature, one of which, Last Things, depicting a woman on her deathbed being comforted by a priest was chosen as the Spanish contribution to the Paris Exhibition. He now turned his attention to the acrobats and clowns of the Medrano Circus.

Picasso also became acquainted with the work of Cézanne, Lautrec, and the school of artists known as the Nabis and he met dealers who had gallery space at their disposal, Berthe Weill and Ambrose Vollard.

It will be clear that Cronin does not suffer from any lack of material. He is like a man in an orchard on a summer afternoon where all the fruit is ripe and waiting to be plucked. The problem is twofold: which trees to strip and what if any conclusion is to be drawn at the end of the afternoon's picking. When or what was the end of all this experimenting? It is true that in the historical sense the outbreak of war did mean a termination of a kind, a new era; but many of the movements and individual careers Cronin singles out, and of which he ably traces the origins, were not terminated or even arrested by the war. They grew and blossomed all through and after the war.

Of course there were some untimely deaths, casualties of the war, like that of the novelist Alain-Fournier, but Claudel survived to write *Le Soulier de Satin*, Gide to write *Les Faux Monnayeurs*, Cocteau to write *La Machine Infernale*. It seems a shade perverse to deal so perceptively with these writers while omitting any consideration of their major works.

Picasso's "Two acrobats with a dog." 1905

Still, within his chosen limits Cronin is an informative, often a penetrating guide. He is particularly strong on the Catholic Right and does full justice to figures like Péguy and Barrès whose work is not widely known outside France. He concentrates on Rostand in theatre and the patriotic resonances in his plays. He has only one line for the sardonic inventor of the *comédie rosse*, Henry Becque, but he has some good words to say for the farces of Feydeau and the social realist plays of Brieux.

Although fully aware that many Frenchmen during his period maintained mistresses in addition to wives, Cronin has a somewhat high-minded view of French society as a whole; by concentrating so much on the great and the good he misses out slightly on the cynical majority. I would have welcomed in this respect some attention paid to the work of a popular society novelist like Gyp.

The book does though end with a bang, three bangs really. One is the bang made by Mme Henriette Caillaux, wife of the Radical Socialist politician Joseph Caillaux, when she took out her revolver and shot dead the editor of *Le Figaro*, Gaston Calmette, who had mounted a virulent campaign against her husband in the paper. The second bang was from the mad nationalist who assassinated the socialist founder of *L'Humanité* and politician, Jean Jaurès. Like Caillaux Jaurès tried to promote better understanding with Germany. The third bang was at Sarajevo.

Fiction

Mighty midget

A PRAYER FOR OWEN MEANY
by John Irving
Bloomsbury £12.95. 543 pages

FORCES OF NATURE
by Nicholas Salaman
The Allison Press/ Secker & Warburg £10.95. 183 pages

TANGO
by Alan Judd
Hutchinson £11.95. 290 pages

SUCH VISITORS
by Angela Huth
Heinemann £10.95. 199 pages

PERSONALITY, eyesight, attitude, philosophy, social awareness: which of these makes a writer create an unmistakable fictional world?

Style it isn't, however recognisable it may be: that's the expression of the rest, not in itself the creator. Two of the week's novels turn up worlds which are totally individual; two, though talented, don't.

John Irving's world is unmistakable not through idiosyncrasy (though his characters are admittedly odd), but through, I think, his own personality, which is stamped on every phrase. Anyone who remembers the unforgettable *Hotel New Hampshire* will recognise the mixture of humour, sweetness, weirdness, an underlying strong morality, and a remarkable intricacy of plot, time and action.

A Prayer for Owen Meany is very long, but not too long for what it has to say: in other words, never tedious. The plot is complex, with some mysteries never quite solved; dreams, second sight, and religious belief and experience play a part in it. Owen Meany is a tiny, brilliant creature, in childhood a midget who can play Baby Jesus in the Christmas pageant and as an adult barely five feet tall. His best friend, John Wheelwright, tells the tale, which involves a whole New Hampshire community.

But the action is not what counts. The world conjured, its atmosphere and flavour, its layers of memory and history, the dialogue, the exchanges between the friends, the whole sense of American small town life: this is what matters, Irving's world, inner and outer, personal and large, present and historical. One is aware of riches, above all of a personality, and of a spiritual as well as a literal language and landscape.

Forces of Nature is also about two boys in the 1950s, ancient history by now, and it

John Irving

too creates a total world, though a much smaller one. The viewpoint is that of a 16 year-old English public schoolboy, as callow, innocent and absurd as you would expect to find him in those years.

Sent for a rainy fortnight to a boarding house in the Lake District with an unknown French boy and *The Prelude* by Wordsworth to study for his exams, Freddie, though desperate, doesn't rebel and as the holiday advances things happen to make it bearable, then interesting.

Sex, Freddie's overwhelming preoccupation, is encountered here, there and pretty well everywhere; excitement and even danger are found in the lake's possible monster, a wartime mystery demands ingenious detection; the initially snivelling Frog, Bertrand, turns out a lot more promising than he originally promised; and Freddie does much as Wordsworth did in the French Revolution.

Forces of Nature has a charming, though anachronistic jacket (too early), showing two lads in knickerbockers beside a Wordsworthian looking lake. Like the whole book, this is funny, apt and nostalgic. The plot is a bit elaborate to be packed into two weeks, but the deftness with which Freddie's reactions are recorded make up for it: adolescent eyes and ears and, more importantly, feelings seem perfectly recalled.

Tango suffers from a complicated sub-Greene plot that never quite persuades one of what's happening. Britbooks is the trendy new name for what has long been the English Bookshop in a South American capital, where William is sent from England and the country's President turns out to be a old schoolmate – upper-class South Americans often being sent to English public schools. And William falls in love, madly and tenderly, with the President's mistress to whom, in the end, terrible things happen.

The aim seems to be to mix the sad and the funny, the rueful and the ironic; it is a civilised effort, readable, likeable, even moving; but the mixture never quite carries conviction and South America is made to seem a land of stereotypes.

Angela Huth's 13 stories in *Such Visitors* are all set in domestic situations and, in a broad sense, are to do with sex and love. A conventional mother on a French holiday leaves her sightseeing family and thinks, mistakenly, she has found adventure. An even more conventional mother attends her daughter's wedding with hatred in her heart for her new son-in-law. A husband learns to dance and to please his wife and, as ever, ends by not leaving her. Two girls run a race for the man they both love. A lover brings in a piece of furniture to test his girlfriend's taste and suitability. Though literate and observant, the stories aren't memorable because they conjure only the social scene, not a total world or an inner reality.

Isabel Quigley

Tough ride to the footlights

***Rachel Billington** looks at a book dedicated to foster mums*

GRACE AND FAVOUR
by Jane Lapotaire
Macmillan £12.95. 320 pages

JANE LAPOTAIRE had two mothers and neither of them were at all straightforward. Her "first mother", in the new American term, had very little to do with her between the ages of seven months and 12, and thereafter was remote from her behind a barrier of French lover/husband, precocious younger daughter called Lola, and a marked affection for whisky – which leaves out her other lovers – all this taking place in Libya.

Such goings-on were no surprise to Jane's foster mother, "Mummy Grace". In an earlier generation she he had also fostered the girl who became Madame Lapotaire and had seen her come to no good with the Americans in the war. She always refused to acknowledge who Jane's unknown father might have been. "Clark Leigh" or "Lee Clark" is the nearest she ever came to giving an opinion.

It was this woman, Grace Elizabeth Chisnall, who provided Jane's real bringing-up and it is to her the book is dedicated and "to foster mothers everywhere".

Ms Lapotaire now an excellent, often surprising actress, tells the story through the child's own eyes. The reader learns as she learned, the turning of "Mummy Grace" into "Gran" as she began to feel the 55-year age gap, the odd but comforting relationship between her and the previous foster children, the development of a clever grammar school child in an environment where the small matters of survival, shopping, cleaning, picking up the pension are momentously difficult.

Without sentiment, she faces her frustration with this unchangeable background as teenage independence and holidays with her French family teach her to battle for what she wants. Very few writers dare to use vernacular. "'At's no good keep puttin' it off; she'll think thas me keeping you from writing", so "Mummy Grace" magnanimously tries to persuade her to write to her real mother.

M. Lapotaire, "Papa" to Jane, talks a spicy form of Frenchman's English, particularly on the subject of her natural mother. "She is full of shit. She tell you more lies, huh? Like the lies she tell you about your father." The child's eye view instead of narrowing the focus, adds a painful and wicked sharpness to our perception, a keyhole look into an adult's world which was peculiar anyway.

Jane Lapotaire

Not as peculiar as all that, however. One of the startling aspects of this book is the date in which it is set.

Working-class life in the 1950s common throughout the north of England, now reads as if it comes from another century. Jane Lapotaire's gift for recalling people, places and events with a filmic immediacy, and of recalling mostly revolting tastes and smells, makes this a documentary record as well as a witty personal memoir.

Courtesy of the KGB

TWO LIVES, ONE RUSSIA
by Nicholas Daniloff
The Bodley Head £12.95, 306 pages

THE ARREST of Nick Daniloff, Moscow correspondent of US News and World Report on August 30 1986, was the most famous of the periodic spy scandals which were the backdrop to the resumption of détente between Moscow and Washington during the second Reagan administration.

The facts behind his arrest are simple enough. Gennadi Zakharov, a Soviet without diplomatic immunity, was arrested and charged with espionage in New York in the run-up to the second Gorbachev-Reagan summit. Moscow, evidently thinking the arrest had been timed as a test of strength, retaliated by arresting Daniloff and accusing him of being a spy. A month later he and Zakharov were in effect exchanged and Gorbachev and Reagan arranged to meet in Reykjavik.

Daniloff's account of his arrest, detention and interrogation in Lefortovo prison is interesting though most details are already known because his family knew that his best chance of getting out of prison was to give maximum publicity to everything which happened to him. The tactics were all the more effective because by 1986 Gorbachev and the politburo had become extraordinarily sensitive to their image in the US.

This gives, in retrospect, an element of *opéra bouffe* to the whole episode – though understandably enough this was not apparent to Daniloff at the time. For instance his interrogation was interrupted by phone calls to and from his wife and at one moment his interrogator demanded that he get US television to stop besieging the prison.

Indeed the title of the book is something of a misnomer. Daniloff has interwoven his account of his month in prison with his researches into the fate of his great-great grandfather Alexander Frolov who, as a young officer, was implicated in a conspiracy to overthrow the Tsar in 1825. Together with other survivors he was given a sentence of 20 years hard labour in Siberia.

The point which comes across most vividly is not the parallels but the differences between Daniloff's fate and that of his ancestor. Frolov kept himself sane in an isolation cell by unravelling wool from his socks and then using whalebone stays from his uniform to reknit them. He said later:

"I would knit, undo, knit and undo, and so my thoughts gradually became happier." Later, in Siberia, Frolov worked in chains 10 hours a day in a road gang shovelling sand.

Daniloff, by contrast, was treated much more gingerly by the KGB. Given the Kremlin's commitment to better relations with Washington the prolonged detention of an American journalist was never in their interests, though, not surprisingly, such longterm considerations were little comfort to Daniloff in his cell in Lefortovo. He was also extremely nervous that a package from a Russian priest, evidently an agent provocateur, which he had passed on to the American embassy, could be used as evidence that he had acted as a spy. CIA officers had blithely used Daniloff's name on the phone and in a letter to the potential spy.

In an afterword Daniloff concludes: "I was the victim not only of KGB banditry but of blunders in Washington as well." He also admits to a certain naivety in his dealings with the CIA, KGB and Soviet contacts. He should, for instance, probably have stood on his right to silence and not answered questions from the KGB. He should not have had anything to do with photographs of Soviet military operations in Afghanistan given him by a Soviet friend.

Nicholas Daniloff

But all this is easier said in retrospect. If a journalist is going to learn anything in Moscow or anywhere else he has to make himself available to informants who may turn out to be agents provocateurs.

Patrick Cockburn

Shame and honour

THE CLOSED CIRCLE: AN INTERPRETATION OF THE ARABS
by David Pryce-Jones
Weidenfeld & Nicolson £16.95.

THIS WELL written, extensively documented book, *The Closed Circle: an Interpretation of the Arabs*, is curiously disappointing. Far too long for an "interpretation", it is far too selective for a history. It could be described as a caricature of Arab society and politics (or of Islamic society and politics since the Iranian antics of recent years were too good to leave out).

One of David Pryce-Jones's favourite themes is the dominance in Arab thinking of the concepts of shame and honour. Applying these to the career of Anwar Sadat, for instance, he argues that Sadat's overture to peace with Israel in 1977 was made possible by the redemption of Egypt's military honour in the war of 1973.

This is a more than plausible insight, but is unaccompanied by any discussion of why and when Sadat decided to seek peace with Israel. Nor is any explanation offered of how on earth the Egyptians, as described by Pryce-Jones, succeeded in driving Israeli forces from their fortified positions on the Suez Canal.

There are hints, here and there throughout the book, of a root and branch condemnation of British policy in the Middle East after 1945. Arab nationalism is described as "that bogey with which the British so alarmed themselves". "Even senior ranks in the Foreign Office simply lost heart and so surrendered whole populations to a despotism which they would never have tolerated for themselves".

One trouble with this view is that, had the British attempted to stay longer "the defenceless Arab masses" would have been in the vanguard of resistance to that purpose.

Harold Beeley

A right royal haul of gossip

THE OXFORD BOOK OF ROYAL ANECDOTES
edited by Elizabeth Longford
Oxford £15.00. 546 pages

"E.M. FORSTER, portly but myopic, bowed to the cake at Lord Harewood's wedding reception, thinking it was Queen Mary." Homage to royalty takes many forms, including collections of anecdotes. But Elizabeth Longford's clear-sighted *Oxford Book of Royal Anecdotes* knows exactly how to behave.

Longford firmly links Alfred to Elizabeth through a chain of monarchs; but perhaps claims too much when she writes in her introduction: "Royal anecdotes form part of an immense narrative history." Anecdotes can certainly carry historical truths, but they must also have point and pith. So she compromises elegantly: "The anecdote should hang like an amulet from the arm of the greater event". The anecdote is, as Dr Johnson has it, "something yet unpublished; secret history". This book delivers few of those. Instead, it relies on familiarity.

Anecdotes, royal or not, tend to live a life apart. For example, on hearing Herbert Morrison described as his own worst enemy, Ernest Bevin quipped, "not while I'm alive he ain't": this has been stretched to refer to Dalton, Cripps, Bevan and Crossman. Politicians trade ownership of anecdotes because they live by what they say to and of each other; but not royals.

Longford cites these two inanities of George V's: he says of J.M.W. Turner, "I tell you what, Turner was mad. My grandmother always said so"; and of authors, "People who write books ought to be shut up." Royal it may be, but certainly not anecdotal.

"We find," Longford admits, "that humour and wit have developed alongside everything else". Nonetheless, some remarks amuse because of the exactness of hindsight: for example, George IV mistook the news of Napoleon's death for Queen Caroline's, and when a courtier pronounced "Sir, your greatest enemy is dead", George replied "Is *she* by God?"

The collection struggles with the royal platitudes and blandnesses that have amassed over the centuries. Given the recalcitrance of her material, Longford manages admirably, explaining the context of each entry in clear, concise and witty prose. The book is a work of selection and synthesis. She draws on contemporary diarists, on modern biographers and also quotes freely from letters and court records.

Longford's previous research on Victoria fits in well, and the book excels in its haul from the 19th century. It covers an enormous range within each monarch, from George IV spending £20 per week on medicinal unctions, to Thackeray's memorable "But this George, what was he? I look, through all his life, and recognise but a bow and a grin." She quotes Victoria at her most contentious: when Dr Locock delivered the first child with "Oh, Madam, it is a Princess", she replied, "Never mind, the next will be a prince"; and when a décolletée grand-daughter appeared before dinner, Victoria urged, "A little rose in front, dear child, because of the footmen."

Perhaps anecdotes satisfy best when they have the thrill of healthy conspiracy about them: "Gladstone treats the Queen like a public department", said Disraeli, "I treat her like a woman." This entry successfully responds to Longford's initial concern on our behalf: "In the end we want to know what it was and is like to be royal."

Andrew St George

Words of war

THE WARCOS
by Richard Collier
Weidenfeld & Nicolson £12.95, 234 pages

RICHARD COLLIER has written a gripping, almost racy tale of the war correspondents of the Second World War. Any journalist today, surrounded by a bank of telephones, VDU screen, and fax machines, will be amused by the stories of cleft sticks, pigeons, and other primitive methods of "filing", that is, sending stories back to the newspaper or radio station.

Richard Collier is very good at capturing the romance, the sense of fun, and the camaraderie which developed between correspondents under pressure. He evokes all this while never losing the narrative thread of the war and the logistics of covering its many fronts.

Writing about war is qualitatively different from normal reporting. War is catalystic of society, events are speeded up and lurch off in all kinds of unforeseen directions. There is little time for reflection or considered thought, judgments have to be made on the hoof. The correspondent lives on the edge with perceptions heightened by inputs of adrenalin and fear, punctuated by periods of idleness and boredom.

Collier does not really establish that there is a special breed of person attracted to this kind of work. The Second World War correspondents were by and large the same crowd who covered the Spanish Civil War, and the rise to power of the Nazis in Germany. As journalists they had certain characteristics in common, an unfortunate tendency to drink too much (some of them) plus, usually, a chaotic personal life of divorces and separations. What Collier does establish, however, is that the really good correspondent could condition the way events were perceived by the public at home.

The two outstanding correspondents of the war in his view were Richard Dimbleby of the BBC and Alan Moorehead for the *Daily Express*. Dimbleby, constantly quarrelling with his masters in London, strove to be objective as he thrashed around in the sensitive border area where censorship, patriotism, and the desire to tell the truth, all meet. In doing so he virtually changed the ground rules under which the staid BBC covered the conflict.

Moorehead was different. His personal view gave a picture which volumes of dry analysis could never match. One thinks of his classic accounts of the over-run Italian positions in North Africa. His descriptive detail about the opulent lifestyle, and elaborately set out bunkers, underlined Italy's weakness in not recognising that the war in the desert was unlike war at sea. Fixed positions were meaningless, almost an invitation to defeat.

Stewart Dalby

DIVERSIONS

It takes all sorts to make The Season

Christian Tyler views the social changes that have taken place in a great English institution

SHE WAS about 17, with a cheeky face. Dressed in T-shirt, jeans and trainers, she stood rooted to the spot in the middle of Badminton Park. She was gazing in frank admiration at a robust elderly man in tweed hacking jacket and bowler hat mounted on a huge, sideways-prancing hunter. As the horse came to rest she looked this imposing gentleman straight in the eye, opened her pretty mouth and said: "Alright, mate?"

It takes all sorts to make the English Season. A popular institution – in both senses of the word these days – the Season is no longer easy to define. It is like one of those clever architectural conservation jobs: the façade has been carefully preserved but the insides have been hollowed out and a big modern extension has been thrown up at the back. What used to be a fine gentleman's residence has been subtly converted into big commercial offices.

There was a time when the Season had a beginning and an end, and a clear-cut cast of characters. Under the direction of the royal family, it was performed by the English upper classes, their englicised Scottish cousins and a few newcomers admitted for their enormous wealth or exotic foreign titles.

The Season was not just a social whirl in which the Right Sort of People met in the Very Best Houses. For behind the ballroom curtains lurked a serious biological imperative. Virgin daughters, chaperoned by their hawk-eyed mothers, had to meet and marry men who would neither disgrace the family lineage nor squander the family silver. Horse-racing and other equine jousts, dancing, tea parties, art exhibitions and nights at the opera merely provided diverting camouflage for the serious business of preserving the class and its estates.

At least, that is how one imagines the past. To get a sniff of the modern English season (part of which, of course, takes place in Scotland), I disinterred my green wellies from under the stairs and bought a black bow-tie in Cheapside (ready made and signed "P.Cardin") for £11.95.

Highlights of the 1989 Season

MAY
- 19 Glyndebourne opera (until Aug 23)
- 22 Polo at Windsor (until June 11)
- 23 Chelsea Flower Show (until May 26)
- 26 Horse trials at Windsor (until May 28)
- 31 Fourth of June at Eton

JUNE
- 1 British Masters golf (until June 4)
- 7 Epsom Derby
- 10 Eton and Harrow cricket match, Lord's
  Royal Academy summer exhibition (until August)
- 17 Trooping the Colour
- 20 Royal Ascot (until June 23)
- 22 Cricket: England vs Australia at Lord's (until June 26)
- 26 Wimbledon Tennis Championship (until July 9)
- 28 Henley Royal Regatta (until July 2)

JULY
- 20 Open Golf Championship, Troon (until July 23)
  Queen Charlotte's Ball (anniversary special)
- 21 Sir Henry Wood Promenade concerts (until Sept 16)
- 23 Polo at Windsor
- 25 Goodwood races (until July 29)
- 29 Cowes Week

AUGUST
- 10 The Oban Ball
- 13 Edinburgh Festival (until Sept 2)

SEPTEMBER
- 2 Braemar Highland Games
- 6 The Skye Ball (two days)
- 7 Burghley Horse Trials (until Sept. 10)
- 16 Last Night of the Proms
- 22 The Perth Ball

OCTOBER
- 8 Prix de L'Arc de Triomphe, Longchamp

The gumboots proved redundant. The park at Badminton in the West Country, where the Dukes of Beaufort have staged the famous horse trials for 40 years, was as dry as a bone under a blazing sky. There must have been a quarter of a million people there for the cross-country event, sunbathing by the lake, picnicking under the trees, or pushing baby buggies from fence to fence as if following a championship golf tournament.

But where were the debutantes and their languid City escorts, the Bertie Woosters and their Aunt Dahlias, the country gents and the huntin' types?

By the "silver birches" jump, it is true, I found a Range Rover draped with slender, self-conscious Carolines like a float in a carnival parade. At "the coffin" a Swedish photographer *pointed out to me, leaning* on another Range Rover, a pipe-smoking figure in blue denim which he claimed was the Duke of Beaufort himself. Below the "ski jump" (more like a walkover) strode a red-faced Henry in regulation tweed jacket, pale yellow corduroys, club tie and brown trilby. He was barking from *the effects of too many* pre-prandial gins. From time to time, serious-faced little girls from the Pony Club trotted by, their persons and mounts groomed to within an inch of their lives.

Badminton: but where were the debs and their languid City escorts?

But for the rest, it was the sort of classless crowd you can see on any sunny Bank Holiday weekend. They packed round the *cross-country* fences in that way the British have – secretly hoping for a spectacular spill but full of concern for horse and rider when the inevitable nosedive occurred. They milled around the trade stands offering everything from low-alcohol beer to old-fashioned rocking horses costing more than the real thing. A caravan *selling hotdogs* faced one selling jewellery from Asprey's. There was a tent selling Barbours – but who doesn't own a Barbour or cheap replica nowadays?

I believe a lot of spectators never even left the car park. Too hot to walk the course, too tipsy to read the programme, they lay beside their picnic hampers and dozed the afternoon away. The loudspeakers blared warnings about dogs dying of heatstroke in cars.

Alan Harper

At the Rose Ball: but not every gentleman wears a black tie

But surely the dogs, those unerring badges of social status, were all out on display.

There were black Labradors, brown Labradors, golden retrievers and ornamental spaniels from London and the Cotswolds; red setters, collies, *terriers and Old English Sheep*dogs from the aspiring suburbs; and mutts and mongrels from all over the place. They might just as well call it the Badminton Dog Trials.

My black bow-tie proved somewhat redundant as well. I took it last week to the Rose Ball, a charity dance at the Grosvenor House Hotel in Park Lane which is supposed to mark the start of the indoor Season. We black ties were just in the majority; but I saw red spotted bow-ties, black-and-white striped bow-ties, old school bow-ties, and even no-ties.

The women, too, flaunted their disregard for traditional *garb. For every strapless* ball gown there was a flashy offset: a gipsy dress pulled up in front, flamenco fashion; a leopard-skin stretch skirt from the Pigalle; a metal foil spacesuit; an early Stuart court dress; mini-skirts and picnic frocks.

Among the round-shouldered English girls (why do they walk as if carrying a pail of *oats in* each hand?) were what looked like svelte Peruvian heiresses, American millionairesses, Indonesian princesses. But the only celebrity as such that I recognised was Margaret, Duchess of Argyll, making her appearance the day after a judge declared her a woman without stain in The *Case of the Moroccan Chambermaid*.

It was jolly in its way but, apart from the clothes, utterly conventional. I cannot imagine anyone going to the Rose Ball for fun. The dinner was very plain, the wine very expensive, the band very old, the tables very crowded, the raffles interminable and the announcer as noisy as a Butlins redcoat. And I have seen better ballrooms in Bradford. The head security man, bouncer to the gentry, told me there was never any trouble at the Rose Ball. I believe him.

The Season may have become overcrowded and over-commercialised, *déclassé* and under-dressed. It may have lost its original purpose. But you can't beat England in early summer when the sun is shining; and the Season still provides what it has always provided – an excuse to watch people watching people watch people. As the music-hall master of ceremonies likes to say, the stars of this particular show are . . . principally yourselves.

Messing about in boaters

Andrew Anderson on how to get the best out of Henley Regatta

HOORAY, HENLEY! Glyndebourne may be glitzier, Ascot more aristocratic, but for those who *know*, the hazy, lazy days around the first weekend of July focus by rights on a small stretch of the Thames that will remain forever England. And this year more so than ever, for 1989 brings the 150th anniversary of the Henley Royal Regatta, a sporting occasion when the occasion means more than the sport.

Every such event has its basic rules; the two most important at Henley being correct dress for gentlemen (blazer, preferably striped, white flannels) and, for women, wafting. To waft, donning the perfect summer frock and floating dreamily down the riverbank as if transported on air currents, is a vital part of Henley, together with English rose complexions, well-turned ankles and delicate beads of perspiration on the upper lip.

Ideally, the scene should be viewed through sepia-tinted spectacles, with a soundtrack of bees, popping corks, the clopping of oars in water and the scratching of quill pens as vicars write letters to *The Times*.

The sporting side of Henley is refreshingly simple. Even posh people can understand it. Two boats race each other, side by side. The first home is the winner. The boats with eight oarsmen are called "eights," those with four are called "fours," and so on. Occasionally a crew falls in and are called lots of other things, but this tends to be a special treat. One should not stray too far from the Pimms tent waiting for it to happen.

It is on dry land that Henley becomes rather more complex. There are various enclosures that one is – or is not – allowed into. Stewards' Enclosure tops the lot, reserved for ex-rowing types, many obviously past their boating days and very, very rich. Here you will find the finest lunch tents and the best-dressed Pimms. Leander Club's members stand out in their pink socks and ties. It is also frightfully posh, and has the benefit of an inner cadre of very, very large young men who are actually serious rowers.

More accessible in every way is the Regatta Enclosure, which is open to the public for a reasonable sum, with all the things necessary to one's survival (Pimms, strawberries, cream). If you have a rowing friend you could get an invitation to one of the smaller private enclosures (Remenham is a good one); if not, there is always the towpath, although the crowds can be cruel.

Right at the bottom of the pile comes the corporate "entertaining" tents on the town side of the river: full of appalling middle-managers from obscure road haulage firms and the like, who know nothing of rowing, and little more about anything else.

The more ostentatious bring or hire a cruiser and ply up and down outside the racing lanes, waving sandwiches and uttering little cries of encouragement, like keening seagulls. The lucky few get to ride in the umpire's sleek launches.

It is wise to both book and arrive early for Henley, in order to get a parking space. More fun, but dreadfully slow, is the little train to Henley station. Picnic space is at a premium; the pubs, especially those around the bridge, are packed, and the town itself often struggles to cope with the thronging masses, particularly during weekend firework displays.

Those who *know* do Henley during the week, leaving the weekend to the day trippers and horrid drunken youths from the provinces who practice synchronised drowning under the bridge. If you do go – and you really should – take lots of mineral water and your own strawberries, park far away and walk in along the bank, and never, ever, undo your blazer.

Chess

CHESS PLAYERS have become accustomed to the emergence of teenage and pre-teen prodigies who have rapidly achieved master or grandmaster strength. It was different in the early years of the century when Reshevsky, who toured Europe giving simultaneous displays at age 8, and Capablanca, who defeated the No. 1 man of his native Cuba at 12, were accorded wunderkind status.

In modern times we have seen Fischer, Spassky and Kasparov all attain GM standard in their mid-teens. British chess fans were astonished and intrigued when Short played in the national championship final at age 11, but reacted more coolly to the emergence of Adams and Sadler. It is really only the Polgars who can now amaze; a family of three sisters who have bridged what looked like an enormous gap between the standards of the best male and female players.

While teenage talent has become commonplace, there has also been an age revolution, with much less publicity, at the senior end. Emanuel Lasker's third prize at Moscow 1935 in his mid-sixties used to be regarded as the pinnacle of chess longevity, but that was a single tournament and by 1936 at Nottingham, Lasker's last serious event, his strength had diminished.

What we have seen in the 1980s is how a resilient generation, the group who were young GMs in the war years or in the early 1950s, have maintained their skills not just for occasional tournaments but with admirable consistency. Their leader is Smyslov who reached the candidates semi-finals in 1984 at 63 and has already in 1989 made respectable scores at Hastings and the New York Open. But there is also Reshevsky, who continues as an active competitor several years after two bad heart attacks; Najdorf who in his late 70s entertains the press room at world title matches with his imaginative suggestions; and Korchnoi whose career really took off when he defected from the USSR at the age of 45

What are the secrets of such durability? Simply maintaining the patterns of earlier years seems to help. Reshevsky has a narrow opening reperteire, Smyslov tries to judge positions intuitively, by his principles of chessboard harmony, rather than tire himself by excessive calculation. Korchnoi is an exception, still perfectionist and inventive.

First prizes in major tournaments are the ultimate test for the veterans. Ewfim Geller, six times a world title candidate and at his peak the scourge of the champions, has a lifetime plus score against each of Smyslov, Petrosian, Botvinnik and Fischer.

In his sixties, Geller sticks to his trusted opening repertoire like the King's Indian and Sicilian with Black and the Ruy Lopez or 3 N-Q2 against the French with White. At Dortmund a few weeks ago at age 64 he won a strong international tournament, ahead of several GMs and IMs young enough to be his grandchildren. In this week's game he repeated a knight sacrifice which he had used in a similar position in the 1955 interzonal. When Black missed the best defence (15 . . . R-KN1!) White's elegant manoeuvres forced decisive material gain.

White: E. Geller (USSR). Black: S. Kindermann (West Germany).

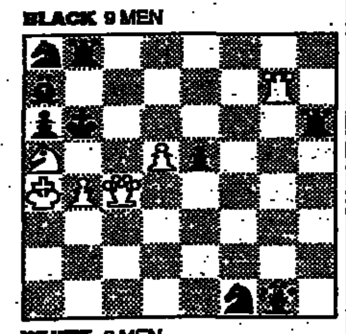
French Defence (Dortmund 1989).

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-Q2, P-QB4; 4 KPxP, QxP; 5 KN-B3, PxP; 6 B-B4, Q-Q3; 7 O-O, N-KB3; 8 N-N3, N-B3; 9 QNxP, NxN; 10 NxN, P-QR3; 11 P-QN3, Q-B2; 12 Q-K2, B-B4; 13 N-B5, O-O; 14 NxP?! KxN; 15 B-N2, P-K4? 16 BxKP, B-Q3; 17 B-N2, BxP ch; 18 K-R1, B-B5; 19 Q-R5, P-R3; 20 QR-K1, Q-Q2; 21 R-K3! Q-N5; 22 QxQ ch, BxQ; 23 R-K4, Resigns. If 23 ... B-N4; 24 RxB (threat 25 P-B4), K-R2; 25 RxB, PxR; 26 BxN and White's bishop pair easily defeat Black's rook.

PROBLEM No. 773
BLACK (9 men)
take in board
WHITE (6 men)
White mates in two moves, against any defence.

This week's problem is the first stage of the annual Lloyds Bank British Solving Championship, in which anyone can take part.

BLACK 9 MEN



WHITE 6 MEN

To enter, simply solve the problem and send White's first move in any recognised notation to Lloyds Bank Chess, 76 Lambscroft Avenue, Mottingham, London SE9 4PB, to arrive by July 10. Mark your solution *Financial Times*.

If your answer is right, you qualify for a harder postal stage, followed by a final in London in January 1990. The overall winner receives £150, automatic selection to represent Britain at the 1990 World solving championship, and also the prestige of deposing grandmaster Jonathan Mestel who has won for the last four years.

Leonard Barden

Bridge

IN CASE any of my readers are *not au fait* with the workings of squeeze play, we shall discuss two squeeze hands, and listen in to the thoughts of the expert declarer. We start with this deal from a duplicate pairs event:

N
♠ A 10 8 3 2
♥ 7 5
♦ Q 5 3
♣ A Q J

W
♠ K Q J 5
♥ J 9 8 2
♦ 7 2
♣ 9 6 5

E
♠ 9 6
♥ 10 4 3
♦ 9 8 6
♣ 10 7 4 3 2

S
♠ 7 4
♥ A K Q 6
♦ A K J 10 4
♣ K 8

South dealt with East-West vulnerable and opened the bidding with one diamond. North replied with one spade,and South rebid three no trumps. Giving his partner 19 to 20 points, North raised to six no trumps,and all passed. South started with the king of spades.

Before playing to the first trick, the declarer thought on these lines: "I have 12 top tricks, so I will beat all those who have bid six diamonds. Can I make an overtrick, and beat or tie with others who have bid six no trumps? There is one possibility – a spade-heart squeeze.

"If West holds queen, knave of spades, which is likely from his lead, in addition to four hearts, he will find himself under pressure which he cannot withstand. After I win with dummy's ace of spades, and cash five rounds of diamonds and two of clubs, West will be left with the queen of spades and four hearts, headed by a card higher than my six. Dummy will hold 10 and another spade, two hearts, and *the ace of clubs, while I hold a* spade and my four hearts.

"On dummy's club ace I throw my spade, and wait for West to resign. If he throws his spade queen, dummy's 10, on which I throw my heart six, makes, and I claim the rest; if West throws a heart, my hearts are all good."

And that is just how South played the hand.

We *turn to rubber bridge*:

N
♠ A 10 5
♥ 8 5 2
♦ K J 7
♣ A 10 6 4

W
♠ K Q J 7
♥ 7 6 3
♦ 8 4
♣ Q J 8 2

E
♠ 9 8 6
♥ J 10 9 4
♦ 9 3 2
♣ 9 7 3

S
♠ 4 3 2
♥ A K Q
♦ A Q 10 6 5
♣ K 5

At game all South dealt and opened with one diamond, North said two clubs, and the opener rebid two hearts, a temporising bid which showed a strong hand of some 16 high card points. North jumped to four diamonds, South said four no trumps, and after the response of five hearts went six no trumps.

West led the king of spades,and this is how South reasoned: "I have 11 tricks on top, and the only possibility for the 12th is a spade-club squeeze with West as the victim. If West holds queen, knave of spades, inferred from the lead, he can be squeezed, if he also holds queen and knave of clubs (or any five clubs). There is, however, one snag. I have 11 winners – the rule of N minus 1 is not satisfied. I must lose one trick early to rectify the count. Where better than at the first trick?"

The declarer allowed the spade king to hold, took the queen with dummy's ace, cashed the three hearts and four of his diamonds. In the four-card ending West held spade knave, and queen, knave, eight of clubs. South's last diamond turned the screw, forcing West to throw his spade, or unguard his clubs. Dummy, *who held the 10 of* spades and ace, 10, six of clubs, let go his spade when West threw a club, and South made three clubs for contract.

There is no difficulty in operating a squeeze – all you have to do is to see the possibility, and plan carefully.

E.P.C.Cotter

DIVERSIONS

Garden lovers from all around the country will be heading for the Chelsea Flower Show which is due to open in London next week. Robin Lane Fox and Arthur Hellyer take a look behind the scenes and take their pick of the exhibits

Still in tune with an old viola

Gardening

WHAT DO I expect to get from Chelsea, except sore feet and a Freudian bout of peony-envy? I think a new conservatory, a piping milkmaid in reconstituted stone or a frilly umbrella under which to have drinks in the rain. I am hoping for some expert advice, one wide-angled view of the Main Tent without too many people and the room to note down those varieties of Alstroemeria which turned up *three years ago under the* name of Princess Lilies and some of which are now proven to be hardier than others.

I also plan to snoop around the market for plant-boxes and tubs. At Chelsea, the garden extras section is expanding yearly while some of the exhibits in the Tent have retreated in scale. However, remember to look for one of my favourites, Mr Cawthorne and his hardy violas, which are never shown in the Tent because he believes that the plants do not like it.

He tends to turn up outdoors just before the garden tractors and just after the cedarwood greenhouses have done their work. His violas are the plants which have done most to improve my gardening life in the last 10 years. It was at a Chelsea show that I first woke up to the Cawthorne crusade to bring back the best of the old violas: if only another crusader could turn up this year, showing something so eminently worth conserving.

I also need a protecting knight, or perhaps an expert military doctor. Something has gone oddly wrong with a mainstay in my new garden's plan, eight white-flowered Viburnum Carlcephalum which were intended to grow into neatly-pruned semi-standard by the mid 1990s. One of them is flowering absurdly well, two of the others are flowering modestly, much less than last year, while the other five have six buds between them, never on the tips of the main stems.

Their other buds turned brown before they opened or dropped off in the soft green stage. Some of the secondary leaves have started to wrinkle, but no pests are visible: a soaking with Tumblebug has made no difference. The crisis might be purely local but a visiting expert has alarmed me by remarking that she too has had the same problem and suspects that it arises from the fact that Viburnums are also grafted nowadays in order to speed up their saleability.

True enough, my eight have the tell-take knot of a graft on their lower stem, just above soil level, which is worth *checking for stability before* you hand over £8 in a garden-centre. Unlike my visitor, my Viburnums have not gone soft *at their vital point.* She even claims that little white grubs came scuttling out of the stem when she scratched its soft point. I have been pressing, not scratching, and trying to put the image out of my head. The score, so far, is one red ant in a hurry, probably from a nearby hardy cyclamen. But if this Viburnum trouble really is frequent, someone at Chelsea must know what becomes of it. Is it a virus, bad grafting, an insect or an unadmitted hazard to one of the loveliest shrubs for gardens which cannot grow azaleas?

My need to snoop round the plant-boxes arises from an old mistake. About 10 years ago, it was easy to buy a white Versailles tub with little bobbles on it or a sawn-off barrel in which you could grow strawberries. *It was harder to buy* an honest box which had not been treated with golden dip, like a strip of cedar fencing. It *was very hard to buy one big* enough to hold a camellia or that excellent tub-plant, Magnolia Stellata. Rather than buy one, *we decided to make one,* because it would be cheaper.

Admittedly, the wood arrived in a block which would *have challenged a sculptor* and the carpenter who carved it into slats left rather quickly for Cornwall with his brown envelope of fivers. It was not, however, my fault that the box's sides began to warp with age: we now have a very civic sort of container, leaking at each side and bulging in the middle, even though nobody has beaten it up in order to pass the time of day. It badly needs a replacement and Chelsea outside the Tent is the best place to view the market. There ought to be a plain wooden box somewhere without frills or gloss paint.

Unless those little white grubs really are on the increase, it is bound to be a *week of crowds, dreams and* nightmares. It is quite hard for gardeners to keep their self-respect when confronted with perfect roses, but then, the rest of us do not grow them in polythene tunnels. I am, however, counting on one family to reassure me that it is better at home than at Chelsea.

Nobody, I think, is staging a full display of the old perennial wallflowers, which richly deserve a crusader. By next weekend, they will be my reassurance after the show: they are still at their best in their double crimsons, purples, and curious combinations of grey, mauve and lime-yellow. There is much more on the market than good old Bowles Mauve *and most of it flowers for* months, enjoying the most awful soil. Best of all, it multiplies from cuttings and has a *truly distinguished scent.* Perhaps the Cheiranthus family is the one for Chelsea 1990.

R. L. F

Birmingham's City Parks Department is attempting to win its 11th gold medal at the Chelsea Flower Show to mark the city's centenary. The design is based on a Victorian park and the centrepiece is a scaled-down replica of a Victorian bandstand surrounded by beds and pathways. More than 2,000 plants will be used, including poinsettias, nicotianas, impatiens and zinnias grown at the Department's Cofton Nursery

Innovations are just the ticket

THERE ARE many innovations in next week's Chelsea Flower Show. For the first time those who have purchased tickets for the charity preview, in aid of Help the Aged, *will be able to see the* show on Monday evening, immediately after the judging when everything is at its freshest.

The two following days are reserved for members of the Royal Horticultural Society. Only on Thursday and Friday is the show open to the public. The number of tickets issued for each day is limited to prevent overcrowding but information about availability can be obtained on 01-828-1744, with a credit card booking facility on 0272-217107.

There has also been a major development in the disposition of the exhibits in the central section of the great marquee, which has been designed in the manner of the great European flower shows. This should improve the first impression of the show for those who enter the marquee from the Chelsea Embankment end.

There has also been an unprecedented demand *for* space, with many new exhibitors seeking entry and some old ones returning after an *absence of some years. Among* the latter is Suttons Seeds, which is staging two fine seed novelties raised by the Norfolk-based *plant* breeders *Floranova.* One is a bedding geranium so much freer flowering and more branching than any *of the old types that a new* name has been given to it, Floribunda. The particular variety that Suttons are introducing is called *Sensation* and gives *a* range of colours from cherry red and scarlet to light pink. The other novelty is Poppy Summer Breeze, which *could* be described as a shorter-stemmed, earlier-flowering Iceland poppy, ideal for garden display and suitable *for* growing as an annual.

Among the newcomers is Peper Harow Community, a home for emotionally-disturbed children established in a Georgian mansion at Godalming in Surrey. Its management holds the civilised view that a beautiful environment is strongly conducive to mental peace and, in their gardener Tim Miles, they have found someone who *wholeheartedly* concurs. As a result Peper Harow now has some of the finest sub-tropical bedding-out in Britain plus a *superlatively good* kitchen garden complete with a pergola supporting every available variety of kiwi fruit.

All this reflects the increasing recognition of the value of long-flowering plants in the modern garden. Many of these are now available in segmented plastic packs which offer the customer better quality, more safely transplanted products at a competitive price. Colegrave Seeds are demonstrating this at Chelsea with a great maypole adorned with the latest varieties of impatiens and *with containers* filled with petunias, begonias and geraniums.

British Bedding Plant Association *is making five small* gardens to emphasise the versatility of these long season yet readily replaceable plants and *the popular Window Box and* Hanging Basket Competition has this year attracted 86 entries, half of which will be *displayed from* Monday to Wednesday and the other half on Thursday and Friday.

The most sensational new *plants on display* are the Columna apple trees which are the result of 25 years breeding and selection and are now *available to the public* for the first time. Plant breeders discovered that this distinctive habit could be transferred to *other varieties* with *different* flower and fruit qualities. Four varieties are now being distributed to retail nurseries and *garden centres* by *Ballerina* Trees and these will all be on display at Chelsea. It is difficult to imagine a garden too *small to accommodate one or* two of these remarkable trees — and there are more varieties to come.

Another way to pack *considerable* variety into a small space is to use rock plants. The Alpine Garden Society is *demonstrating how this can be* done effectively, yet economically, by using old railway sleepers to give stability to the *garden and make steps from* one level to another, and then growing most of the plants in blocks of natural lightweight tufa rock and also in troughs constructed with manmade hyper-tufa.

A mountain stream is central to the garden made by landscape *students* at Merrist Wood Agricultural College, the main aim being to create an atmosphere of tranquility. Wild white clover is being used here as an alternative to grass.

Landscape students at Pershaw College have chosen romance as their theme and are *busy constructing what* they describe as a secret courtyard in a dark and shadowy place. The gate is half open, *while the sound of* flowing water and rainbow shaded planting tempts the visitor to enter and discover the magical *statuary,* a dark pool, a hedged gazebo and a plantsman's paradise. If they can match deeds to words this should be a garden to remember. It is sponsored by Wyevale Nurseries.

I look forward with special anticipation to the exhibit of tropical and sub-tropical plants by Anmor Exotics. This firm owes its inspiration to Barrie Findon, who has been growing exotics since he was a lad. He staged his first Chelsea exhibit in 1985, won a gold medal for it and has repeated that success every succeeding year. I know he is straining every nerve to do it again and the plants I have seen in the nursery at Havant convinced me that he can do it with ease.

Many of Britain's public parks are again preparing imaginative displays, not least Torbay, which has given so much delight in recent years with extravaganzas created with carpet bedding. This year's scene has been taken from *Alice in Wonderland.* There is an excellent entry *from overseas* including exhibits from Trinidad and Tobago, Barbados, South Africa, British Columbia, Holland, Belgium, *France, Germany* and *both* Jersey and Guernsey.

The gates of the Royal Hospital grounds at Chelsea are *open from 8 am to 8 pm on* Tuesday May 23, Wednesday 24 and Thursday 25, and from 8 am to 5 pm on Friday 26.

A. H

Wine

Time to speculate on the reds of '88

AS INDICATED in a previous article, 1988 was a good year in Bordeaux – and so it was elsewhere in France. Consequently a number of British wine merchants will shortly be making "opening offers" of 1988 clarets, and later on of red burgundies and Rhones.

The Americans call such offers "futures," which seems to imply that the wines are brought for a capital gain, like items on the commodity market. The Americans have generally been out of the "en primeur" market since the 1985 vintage but there is said to be considerable US interest in the '88s. If they rush into the market as a speculation *initial* prices are likely to rise, with unfortunate results for those who are buying early in hope of drinking later at attractive prices. However, British merchants' offers will be based on initial prices.

At the higher classed-growth claret levels some damage has been done in the past by speculation. Not unreasonably chateau owners, who have seen their wines auctioned years later for greatly more than their original prices, are now *inclined to secure some of the* additional value for themselves. So the real consumer is penalised from the start.

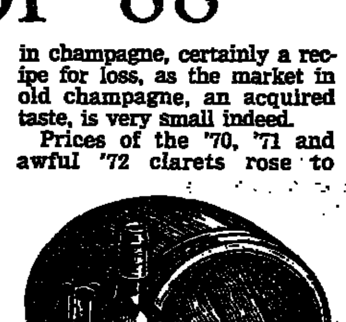
Moreover, when a bottle purchased at, say £5, is sold years later at £50 or more, unless the patient owner of the same wine is a dedicated wine drinker (with several equally dedicated, appreciative friends), he or she *is not unlikely* to declare: "I couldn't possibly open a bottle worth that much." Such a statement probably overlooks the effects of inflation.

Fine claret has always been the subject of speculation, but more within the Bordeaux trade than among the public. At one time when the vintage prospects were good the merchants there indulged in buying "sur souches" ("on the roots," ie on the vine). Thus the merchant could either expect to make an extra profit when he came to sell the wine or undercut competitors.

This finished at the beginning of the 1960s, notably with the '61s, which from midsummer were clearly going to be very good. One popular classed-growth owner sold a considerable quantity of his as yet unmade wine. Unfortunately *for him* the crop turned out the smallest good vintage since the last war and he found that he had sold more than he was able to produce. Nevertheless, the story was that after meeting his commitment there was still 20 tonneaux (1200 dozen) left in his cellars.

Public rather than trade speculation began at the end of the 1960s, when the classed-growths and many other wines could be bought en primeur by the case rather than from the cask. Also at that time hedges against *inflation* were being sought in all directions, even in champagne, certainly a recipe for loss, as the market in old champagne, an acquired taste, is very small indeed.

Prices of the '70, '71 and awful '72 clarets rose to



unprecedented heights, only to fall heavily, partly owing to the *1973 energy crisis. It* was the Bordeaux chateaux owners and merchants who suffered most, and some at least of the *consumers who had not bought* en primeur who benefited from the fallen prices.

It is sometimes suggested that the widely-trumpeted success of the '82 claret vintage started a new wave of "opening offers." What it did, however, was to bring the volatile US wine world into the act in a near-hysterical manner, greatly influencing prices, which rose sharply within months of their opening. However, a few British merchants had been offering good vintages on these terms since the '75s, although on a much smaller scale than in the 80s.

Since 1986 there has been a good deal of disillusion about claret opening offers, particularly after the collapse of the US dollar in that year. Prices of the top '82s are lower now at auction than in 1985, with some of them re-crossing the Atlantic for re-sale in Europe. *Figures* have been produced to show how much better the money might have been invested elsewhere, which no doubt is *true, and also that* young vintages could have been bought more cheaply later on.

This argument concentrates very much on the internationally-known 250 or fewer top estate clarets, for the less *expensive minor growths that* occupy a good 50 per cent of most firms' opening offers are unlikely to be found here again *after the initial purchases,* because the merchants have a new vintage or other wines on which to spend their slender capital.

It is interesting to note that the '87s, which were declared by wine merchants and many wine writers unsuitable for early buying, and which were offered here by a handful of firms, have *now become the* subject of much more favourable comment as being recommendable for early drinking – *as they always were. Yet their* prices are not lower, some are higher, although the wines are *still in cask.*

More recently opening offers have spread to Burgundy and the Rhone as well as Sauternes, *since a number of chateaux* - though not Yquem or Climens - were induced to offer their '83s en primeur, with the *result that prices doubled very* quickly. As the '88s are likely to turn out exceptional, similar offers are likely for them, as *they were for the 86s.*

Very early red burgundy offers have been less widespread though not uncommon *for the fine '85s. The '88s are* very good too, and although their prices shot up at the Hospices de Beaune sale last *autumn, and have remained at* their new levels ever since, demand has been very high.

A merchant told me in *Beaune that every day he was* refusing orders for burgundy. Once the claret offers are out of the way 86 burgundy offers *are more than likely here.* Those who can afford the Cotes d'Or reds should take them up to some extent. The same *applies to red Rhones, particu*larly finer northern wines such as Hermitage Cote-Rotie and the better, more expensive *Crozes-Hermitage.*

The '88 white burgundies are more variable because there was a good deal of over-produc*tion, especially in Puligny. But* good white burgundy is always in short supply, though the 88s need to be bought from tradi*tional wine merchants with* a good reputation for them.

The position is more complicated for the '88 clarets. There *are sound reasons for buying* at least a representative selection of every new good vintage when first offered here — and as stated here initially '88 was a good one — for then one will receive the wine more or less direct from the chateau or Bordeaux merchant's cellars in pristine condition, or later from a British merchant's customers' reserve cellars.

This cannot be assured for wines bought later or at auction, and a merchant's prices are likely to increase to take account of tied-up capital, which is not involved for en primeur offers for which he is acting as little more than a broker.

Yet there is no point in buying the '88s with the prospect of making a profit out of them, for they are very tannic and will take *a long time to* mature. Nevertheless reputable chateaux at various levels of quality and price make reliable wines, and there is a certain satisfaction in knowing that soon one will have below stairs at least a case or two of wines one believes to be sound, not hostages to financial fortune but vinous hopes for the future.

Among the firms making substantial opening offers are Averys of Bristol, 7 Park Street, Bristol; Bibendum, 113 Regent's Park Road, *NW1; Cor*ney and Barrow, 12 Helmet Row, EC1; Phillip Eyres, Chalk Pit House, Coleshill, Amer*sham, Bucks; the Hungerford* Wine Co, Hungerford, Berks; Lay and Wheeler, Culver Street West, Colchester, Essex, and The Wine Society, Gunnels Wood Road, Stevenage, Herts.

Edmund Penning-Rowsell

Collecting

Manuscripts miss out

S*OTHEBY'S did not have* much luck with its sale of continental manuscripts on Thursday. Its *most important item, a hith*erto unknown manuscript of Turgeniev's *Fathers and Sons,* was sold privately before the *auction to the Soviet Govern*ment, while the second most interesting lot, the archive of Odön von Horvath, failed to find a buyer.

This was surprising given the importance of the manuscript. Fifteen years ago the *name of Horvath was practi*cally forgotten. Today his rediscovery and revaluation is such that the leading German *playwright Peter Handke* can call him "better than Brecht"; and it is a judgment that has many supporters. Though he is less well known in this country than in Germany and Austria, both *Tales from the Vienna Woods* (directed at the National Theatre in 1977 by Maximillian Schell) and *Don Juan Comes back from the War* have been seen in Christopher Hampton's English adaptations.

Horvath was one of the casualties of National Socialism. Born in Fiume in 1901, he began publishing poetry in his teens, and had his first play produced in 1927. His reputation took off when *Tales from the Vienna Woods* received the Kleist Prize in 1931. His satirical plays *Sladek the Black Soldier* and *Italian Nights* infuriated the Nazis. After 1933 his works were banned in Germany, and Horvath fled Berlin for Vienna. After the Anschluss *of 1938, he moved on* to Amsterdam.

He met his end in a bizarre accident. A superstitious man, he consulted a clairvoyant before leaving Amsterdam for Paris in May 1938, and was told that at the end of the month he *would encounter the greatest* adventure of his life in the French capital. The nervous Horvath took every precaution. *He refused to use lifts and* Metro trains, and spent the day of May 31 shut up in his hotel.

On June 1, however, he had *an appointment with the direc*tor Robert Siodmak to discuss a film version of his best selling novel, *Youth without God. In the Champs Elysee, shelter*ing under a tree from a sudden storm, he was hit on the head by a falling branch and killed instantly. He *was buried in* Paris; but last year, to mark the 50th anniversary of his death, his remains were transferred to Austria.

Since his rediscovery in the early 70s, Horvath has found a much larger audience in Germany and Austria than he ever had in his lifetime: some of his plays, have been produced for the first time.

Horvath called his plays *Volkstücke,* or folk plays; but where his 18th-century predecessors *in the genre told their* moral tales in dialect, Horvath used the cliché-ridden language of the day to pinpoint *the spiritual* poverty of the petty bourgeoisie characters who peopled his plays. His comedy is caustic and satirical, *attacking the folly, stupidity,* deception and oppression of society, but without the systematic political purpose of Brecht.

The archive which came on sale consisted of some 6,000 pages of manuscript and typescript; *along* with books, photographs, family papers and memorabilia. It included drafts for all but four of Horvath's *major works. This* unique archive appears to have been dedicatedly kept together by a member or members of his *family. It even* includes his school reports, his fountain pen and drawings done when he was only nine years old.

Janet Marsh

HOW TO SPEND IT

Trevor Humphries

CONRAD AND Tricia Jameson, of Jameson Design, photographed in the drawing-room of their London house. They are great protagonists of the Classical Revival believing that it brings very practical benefits to the home decorator — see their ideas brought to life at the exhibition. They also believe that it is time that the interior decorating world put its house in order by letting clients see the real charges instead of hiding them in sales commissions.

Their theory is this: prices may seem reasonable because the quoted price is a 10 per cent fee but there is, on *average, a 20 per cent trade* discount that the decorator quietly pockets.

Big items, such as curtains, carry not only a fee but a margin of 100 per cent — which is why top-quality curtains these days run at about £2,000 a pair. The higher the cost of the materials used the higher the hidden fee earned by the decorator.

Most decorators do not earn enormous fees, most care greatly about getting the job right and most are honest. But because the cost is hidden decorators do have a clear motive to lead the client to highly-priced materials. The Conrads believe a simple reform would make the services of designers and decorators much more appealing to professional people:

- Decorators should charge only a fee.
- All discounts should be passed back.
- The percentage fee should be turned into a flat fee once a budget has been agreed so there can be motive to get the client to spend heavily.

Trevor Humphries

HELEN COOPER, photographed in her workroom, is one of a new band of younger decorators, she is the romantic par excellence. Above all she believes in atmosphere and is fascinated by the magic of spaces. She often starts thinking about a room by linking it with an imaginary person.

For a room in the Royal Oak Showhouse, in New York, which the client later bought lock, stock and barrel, she imagined that it was for Anna Karenina. For the British Interior Design Exhibition she has decorated a reading room which she describes as being "an excerpt from endless eras and places, evoking a lost timelessness and a dilettante escape." There are marbled floors and an ancient stucco effect on the ceilings and walls done by Francesca di Blasi, who learned the technique in Venice. "In emerald green it looks like crushed velvet." She imported silk taffeta from Venice made on 300-year-old looms: "Though very contemporary in some ways it also looks timeless."

Where to find a cure for pot-pourri poisoning

The British Interior Design Exhibition opens next week. Lucia van der Post recommends a visit

ARE YOU suffering from pot-pourri poisoning, have you overdosed on chintz? Will you break into a rash if you see another swag, artfully faded needlepoint cushion or a rag-rolled wall? If so, there is *good news for you — there is* decorative life after chintz. You'll have to search for it, for the great British love affair with Countryhouse Style still waxes strong but search about at The British Interior Design Exhibition*, which opens next week, and you will be able to discover the burgeoning of a whole host of other decorative "isms" to choose from.

For a start there is a French couple, Mattia Bonetti and Elizabeth Garouste, whose work for Parisian couturier Christian Lacroix's salon earned them the *appellation* "The New Barbarians." Their style, it seems, is best described as neo-primitive. It is, according to the press release, "witty . . . not unlike a surrealist painting by Dali."

If wit touched with surrealism doesn't seem quite you then maybe you'd feel happier with some Louis XVI influences. Or how about a room with a strong Colonial-style emphasis? Or a classic look in a stripped, post-modernist style with some elements of intrigue and fantasy? Perhaps Post-Baroque seems more truly you *or . . . and here you'd be onto* a winner for this *style* is tipped for BIG things . . . what about Classical Revival, all beautifully proportioned rooms, cornices and architraves?

On a more serious note The British Interior Design Exhibition is a fine affair. The brainchild of Fleur Rossdale, who believes passionately that if only more people understood properly what interior designers could do for them they would earn the respect and business they deserve. The exhibition is now in its second year and is bigger and better *than ever with some 27 design*ers showing off their decorative paces in completely finished (and furnished) rooms and there'll be lots of stalls and stands besides.

It looks like an exhibition whose time has come. Using a decorator to do what most people *felt* in their gut they *should* be able *to* do *for* themselves used to be somehow un-English — something only the truly rich or the eccentric indulged in. All that has changed. Ten years ago there were just a few hundred interior decorators while today there are some 10,000 companies all earning professional fees from interior design and decorating. Fuelled by the boom in property prices, doing up houses is now the great national pastime.

Houses have become most people's greatest capital asset and a properly renovated house is a fine investment — after all developers expect to make at least 20 per cent after doing over an unmodernised property (even after interest is taken into account) so, according *to* Conrad Jameson, of *Jameson Design*, one of the exhibitors, even the layman should be able to improve the value of his house by 12 per cent over the cost. Even more importantly perhaps, a house that works is infinitely more agreeable to live in.

Using professional skills and services to put your house in order these days makes sense in all sorts of other ways. What most amateurs never cost out properly, for one thing, is their time. Professionals who have dealt with all these matters before know how to save time, where to find the exact piece of marble, the precise shade of wood, the right craftsman, the skilled upholsterer and so on and on.

As Fleur Rossdale puts it, "a working woman who has to be in her office most of the day cannot sit in for hours on end waiting for plumbers, electricians, painters, tilers etc — professional designers will take care of all this for you. If anything isn't right, you have some comeback — they will put it right. People also forget the many mistakes most amateurs make and how expensive they are to put right. In the long run the right designer should save you money by getting it right first time round, by knowing how to do things properly and by running all the time-consuming administrative side for you."

Some people fear that by using a decorator they are somehow ceding their sovereignty over matters of taste, that they will be "taken over." Good decorators do not do this. As David Hicks once wrote: "Good design must work for the people who will use it. The best rooms have *something to* say about the people who live in them. Their story can be told in colour, shape, texture and pattern."

The problem, though, if you have never used a decorator before is where to begin. How do you choose the right designer for you? Start by going to this exhibition. It is, for a start, a wonderful a piece of theatre, theatre that reflects the way we live now. There couldn't be a more convenient way of seeing a wide variety of contemporary work. If you see *somebody* whose work you love don't be afraid to talk to them.

To get the best out of your interior decorator you need to put in quite a lot of effort yourself. Do your homework. Look at the work of designers you hear about. Do not contemplate asking anybody to do this kind of work by telephone — you must meet them personally. Ask what their fees are and how they are arrived at. ABOVE ALL get budgets agreed in advance.

What the work is going to cost is likely to be the biggest headache of all. Myths about costings abound. Some decorators charge a percentage of the total cost of all the work, and then also take percentages on the cost of fabrics, sofas etc, leaving the hapless client with the feeling that it is in the designer's interests to suggest hugely expensive fabrics, sofas, floorings. Some charge flat consultancy fees, some charge hourly rates. So ask first and get it all written down and agreed before you go ahead.

When it comes to using an interior decorator I'm with Conrad Jameson when he suggests using a firm that offers architectural and interior decorating services together. Do not get carried away with colour schemes, with paints and finishes, carpets and curtains until you have put the bones of the house to rights. "Bones" rather than what Conrad Jameson calls the "lipstick" is what all good decorators come back *to*.

He believes passionately that the best way to approach restoring or revitalising a house is by obeying its architecture. "The duty of the decorator is to enhance and express the classical frame of the architecture, not just to put pretty paint on the wall. In classical architecture much less colour is used as you don't want to distract the eye from the rhythms of the building. The key test for us is that if you go into a classical room it should look beautiful and harmonious without any furniture in it.

"If you are short of funds you are much wiser to spend money on putting back the mouldings, the cornices, on rebalancing the room — then whatever you add later will always look right. I have so often seen people dress up a flat window with acres of frilly curtains and then be disappointed when it looks terrible. They should spend their money first on putting in a proper window, possibly restoring shutters and then they would hardly need curtains. Being classical doesn't mean you have to be dull. If the principles are respected, you can have a lot of fun. They were quite often very theatrical, for instance they would surround marbled panels with walnut - now, if a non-classicist got hold of that it would look terrible, but in the hands of somebody who knows what they are doing it can look wonderful."

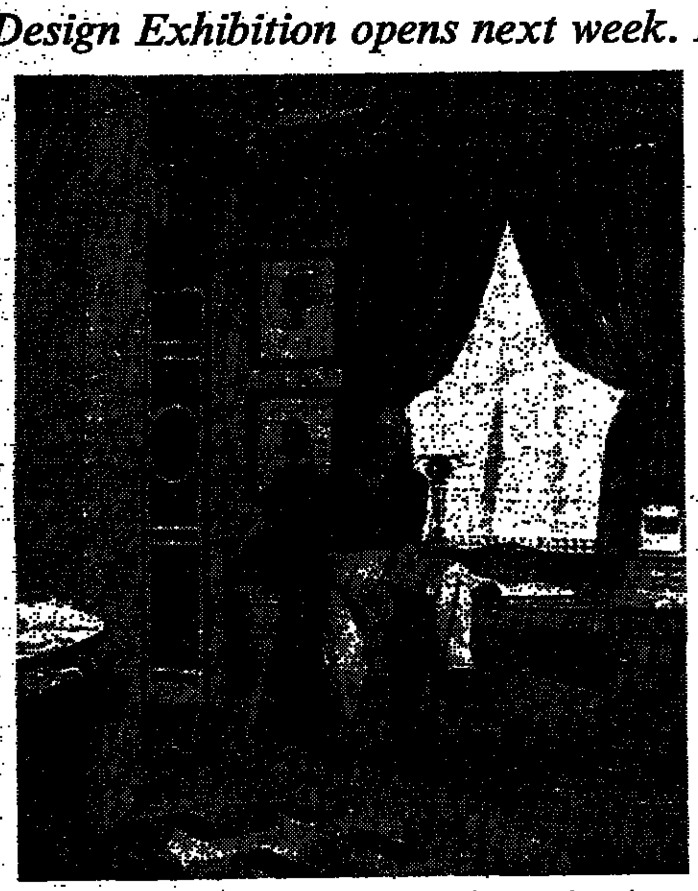
Writing about exhibitions before they open is a tricky business but from talking to the designers, from reading Paul Atterbury's excellent preview of the show, it is abundantly clear that this year, as last, English countryhouse style is going to sweep the board. Last year modernism kept a very low profile and though it is a little higher this, it still doesn't look high enough to stop the endless tide.

Whatever, the visitor to the exhibition may well ask, happened to a contemporary look? We seem to be a generation that is obsessed with the decorative legacies of the past. Whereas once this kind of historically allusive decorative style was the prerogative of a small minority of taste makers today it is being taken up by larger sections of the population. High Street furnishing shops everywhere encourage the taste for a largey fictionalised English Country House look.

Paul Atterbury sums up the dilemma facing the decorators when he says: "On the one hand business is booming as never before and design is now an eminently marketable consumer commodity. On the other, originality is becoming rare . . . and the results sometimes as exciting as a Macdonald's hamburger . . . clean, neat, predictable, safely immunised against dangerous or difficult elements and internationally reliable.

"There can be no doubt that with an ever wider dissemination of the English Country House look it will rapidly begin to loose its cachet and as the supplies of good antique furnishings, pictures and other decorative objects gradually run dry we shall have to look to the designer-makers of new things. Now we should go out and do as our ancestors did, go out and commission the best that we can afford from contemporary craftsmen. It can be informed by a love and knowledge of the past but it should be wholly of today."

Paul Atterbury believes that the 1989 Exhibition may bring to a head the debate about the nature of interior design in Britain. "Does an outpouring of chintzy, pseudo-late-eighteenth-century, Regency and early Victorian interiors represent a crisis of confidence, or is the willingness to drift along on the tide of nostalgia simply a sensible acknowledgement of market forces? Can creativity survive when the pale echoes of the country house style have been spread thinly over every suburban terrace in the land?" Go along to the exhibition and find out.



CHRISTOPHER NEVILE is another of the younger designers whose work will be on show at the exhibition. Here he is photographed at last year's show in the study set that he built. Paul Atterbury, author of The Interior Design Yearbook 1989, thinks that in many ways it represents the most appealing, innovative vein in British design today. It could best be described as Grand Palazzo style yet it is indubitably entirely contemporary. Marbling, stone effects and wonderfully grained double doors set a mood of some grandeur all much enhanced by the inlaid linoleum floor. To achieve his effects he called on the work of a number of contemporary designer-craftsmen, such as Jenny Moncur for the flooring, welded metal by Mark Brazier-Jones and painted silk panels by Carolyn Quartermaine. This year, in conjunction with Elle Decoration, Osborne & Little and McKinnsey Kidstone he will be showing just what drama and panache can be injected into a small passageway.

**The Interior Design Book, 1989, by Paul Atterbury, £17.95, published by Weidenfeld & Nicholson, not only provides a fine visual guide to current interior design fads and fashions, it also has an excellent practical directory at the end, lists of providers and purveyors of the tiles, the fabrics, the woodwork, the bathrooms, the kitchens and all the rest of the bits and pieces that anybody contemplating "doing-up" a house will find invaluable.*

**The British Interior Design Exhibition is on from Thursday 25th May to Sunday 18th June at the Chelsea Old Town Hall, King's Road, London SW3.*

Bags of choice

COACH HANDBAGS, beloved of generations of well-bred and well-heeled Americans, has made its mark with a new generation of working British women since it has had its own special niche in Harrods. Its soft yet sturdy leather, its gentle, unaggressive shapes, its clean lines and unassuming classicism have all made its handbags the natural choice for those who want bags that *need no pampering.*

So successful has the Coach launch been that last week it embarked on its very own shop at 8 Sloane Street, London SW1. There the afficionado (and the average Coach customer in the US owns, it seems, something like six pieces) can see the full range in the traditional Coach shop setting — dark wood, Portland stone and hushed "library" atmosphere. Since the handbags themselves were launched there is now a range of silk scarves, all in a very classic mood, likely to look good slung around the shoulders of the Coach-toting customer.

SKETCHLEY, in common with most dry cleaning operations, has had a slightly chequered history in the public's affections but it is trying hard now to make it all up. The customer is being wooed with seductive promises. Sketchley Exeuctive, the latest one, is aimed at what it calls the successful business person (unsuccessful ones will just have to go elsewhere) who has high standards and hectic schedules. Three pilot branches (16 Curzon Street from May 5; 14 Suffolk House, College Road, Croydon from May 22; and 80 Moorgate, London EC4 from the end of the month) will have opening hours that really will make a difference to working people. Sketchley Executive will open from 7.30 am to 7.30 pm, Monday to Friday. There will be a free collection and delivery service for large or regular orders in the London area and Executive Check-in, which enables you, once you've got the system sussed, to dump your unsavoury little bundle and run.

LATEST WAY to nourish the skin — caviar extracts. It may sound a trifle exotic, and the price is certainly exotic (£59 for 30 ml) but when Hydra Swiss With Caviar Extracts from the Swiss La Prairie skincare range was launched in the States last year it broke all records for La Prairie sales. The tiny shimmering capsules contain blends of caviar extracts, "vital substances" and emollients. Being no biochemist I can't fathom the science but it feels wonderful. With the dark cobalt blue pot come little bits of fabric. You place a spatula-tip of the globules into the middle of the fabric, fold it up and press them together before smoothing on face and neck. This may all sound a bit fancy but I have to report that thought my face looks much the same it does feel different.

The pearl-like grains seem to nourish without being heavy or greasy. Now £59 may seem a great deal for a pot of caviar extracts but Georgette Mosbacher, La Prairie's new owner, has a point when she says: "Life offers many luxuries. Since we cannot have them all, the trick is to choose those with the greatest return think on investment . . . like beautiful skin." You can find the grains at Harrods, Harvey Nichols, Selfridges, Fenwick, Bentalls and many other good beauty salons, perfumeries and chemists.

L v d P

ARTS

Records

Messiaen's dramatic power to disturb

SIX YEARS after the première at the Paris Opéra of Messiaen's *Saint François d'Assise* there comes from the French firm of Cybelia (UK distributors Priory Records. 24 Verney Close, Tring, Herts) a live recording on 4 CDs made by Radio France from subsequent performances on December 6 and 9, 1983. There is just enough extraneous noise (shufflings, page-turning like the beating of Messiaenic birdwings and, quite often, the prompter) to give a sense of occasion without being distracting. Considering the number of performers involved and the evidently unusual disposition of the Opéra orchestra the balance is commendable. One can only echo Max Loppert's praise in his review on this page for the masterly assurance of the conductor, Seiji Ozawa.

No less assured is the admirable José Van Dam in the title-role. His voice meets with unruffled but no means uninvolved serenity the demands of Messiaen's long phrases and usually unremittingly slow, march-like pacing. Only once – at the opening of the Stigmata scene – does he sound momentarily tired and there the situation justifies it. At moments of quiet intensity his singing is extremely moving.

As the Angel, the single female solo voice in the opera, Christiane Eda-Pierre sings like a shaft of steady light. Kenneth Riegel's Leper is uncommonly, almost uncomfortably telling. The various Franciscan Brothers (Michel Philippe, Georges Gautier, Michel Sénéchal – whose roles have a touch of humour) and by Jean-Philippe Courtis (Bernard) whose gravely beautiful tone will surely earn him the chief role one day soon offer fine singing. It may be partly due to the positioning of the Opéra's strong chorus that the words in the crucial Stigmata scene do not come through. The orchestra is sometimes too much in the foreground but the kaleidoscopic sounds, bristling with spiky and percussive bird-song (no escaping feathered friends with this story) and the hushed interventions of the Ondes Martenot are dazzling.

Having heard some broadcasts in a state of shall we say suspended enlightenment, the French text in the leaflet was an immense help. Though they add up to almost four hours of music the eight scenes, played at one's leisure, do not feel unduly long. There is a surprising amount of musical illustration ranging from pattering rain to the horrifying hammer-blows of the stigmatisation. Often one wonders about the stage action – what, in the frequent instrumental passage between the widely-spaced vocal phrases, were they doing?

In his review Max Loppert wondered about the possible unsuitability of Messiaen's "own great and special gifts" to opera – and of the stage-worthiness of this, his only stage work. There is little enough sign of the inborn theatre sense possessed by many French opera composers. Yet after experiencing records and text I do not see how one can deny to Messiaen the title of musical dramatist. The episodes of the Leper, of the Sermon to the Birds, and most of all of the deeply disturbing Stigmata scene surely prove that. The opportunity of getting to know, in peace and quiet and at one's own pace, one of the most unusual and original operas of our time, is not to be missed.

Messiaen: Saint François d'Assise. Eda-Pierre, Van Dam, Riegel/ Orchestra and chorus of Paris Opéra/Ozawa. Cybelia CY 833/4/5/6/ (4 CDs).

Massenet: Amadis. Perraguin, Streiff, Henry/ Orchestra and chorus of Paris Opéra/Fournillier. Forlane UCD 16578/79 (2 CDs).

Massenet's *Amadis* is a curiosity – and a charmer. He began it about 1890, just before *Werther*, but did not finish until 1910. By this time the last of his favourite singers, the contralto Lucy Arbell, was holding sway and the breeches role of Amadis was tailored for her. But Arbell, a difficult and presumptuous lady, fell from grace. Massenet had the score sealed up and directed that it was not to be opened for ten years after his death. When *Amadis* was finally performed at Monte Carlo in 1922 (without Arbell) it was too late. The Belle Epoque to which it so clearly belonged had been swept away: the jazz age was at hand.

The Breton legend of the knight Amadis de Gaule who, unaware of his true identity, slays his lost twin brother Galaor in combat for the hand of the Princess Floriane, had been treated operatically by Lully, Handel and J.C. Bach. Massenet's setting of Jules Claretie's prose libretto has affinities with *Le Jongleur*, *Grisélidis* and perhaps most of all with *Cendrillon*. Why – personal reasons apart – did he hide it away? There are things that at an earlier stage of his career might have disconcerted the larger public he was pathologically afraid of losing – for example the use in act one of mime and spoken mélodrame or the downbeat ending of act two. Throughout there are signs of super-discreet experiment likely to be overlooked by large audiences armed with handkerchiefs. *Amadis* is a musical equivalent of a fairy-tale illustrated in Pre-Raphaelite or Art Nouveau style – one stage direction for a costume expressly mentions Burne-Jones.

This first-ever recording, made in Paris, was based on a production at the Maison de la Culture at Saint-Etienne with a cast of promising young French singers and with orchestra and chorus from the Opéra. The conductor, Patrick Fournillier, is clearly someone to watch. Hélène Perraguin, the mezzo Amadis, has a boldly-projected voice with an edge to it, equally suited, within the *travesti* convention, to chivalrous knight and yearning lover. As the hapless twin Galaor Didier Henry's grainy, forceful baritone well suggests the hidden relationship. The Floriane of Danièle Streiff is tender and distraught. Off-stage voices and instruments (important in this beautifully crafted score) are handled with unusual care. Resurrections of forgotten operas don't always come off so well. French, German and English libretto.

Ronald Crichton

Radio

A little light music

SPRING HAS brought an outbreak of light music to Radio 3. It began last Saturday with Robyn Archer's *Cabaret Passe*, virtually a one-woman show that did its best to be sophisticated, in the sense used by people who have never looked that word up in the dictionary. I found too little wit in the songs, even the Brecht one, or in Miss Archer's straightforward singing of them. But I liked her little supporting group.

Then on Tuesday came a repeat of Kurt Weill's *Lady in the Dark*, and here was "sophistication" enough and to spare. The story, by Moss Hart, is about Liza Elliott, a woman magazine editor who cannot make up her mind, and consults a psychiatrist. Could she be in love with the star, Randy Curtis? Dr Brooks (Richard Griffiths) analyses a fine selection of her dreams.

The lyrics are by Ira Gershwin, full of fun and clever rhymes. The satire comes from the late 1930s, but seems to have been brought up to date for this Scottish Opera production, with Shostakovich taking over from Stravinsky. It still works wonderfully well. The music is light opera music *par excellence*, tuneful, cultivated, admirably suited to the lyrics, sort of Richard Rodgers plus. Plus what? Sophistication, of course. Liza Elliott was admirably sung and played by Patricia Hodge; Charley Johnson was Martin McEvoy. The conductor, and editor of the music, was John Mauceri.

There is a surprising element of cultivation in the early records of black gospel singers that Francis Wilford-Smith played last night in *A Highway to Heaven*, his history of soul music. The oldest of all, recorded in 1902, might have been an English glee-club. Presumably it was the increasingly adventurous gramophone companies rather than an actual change of racial style, that led to phrasing nearer to speech rhythms than to music classes; for when we hear solo singers like Ella Hall instead of the fashionable barber-shop groups, the singing begins to suggest black music of our own time. This was the first of eight programmes.

Radio 4's new Friday afternoon serial is Charlotte Bronte's *Villette*. Its first instalment began with a thunderstorm at Lucy Snowe's Belgian girls' school (for Villette is really Brussels). Valerie Windsor, adaptor of the text, has retreated into Lucy's recollections of her youthful days with her godmother Mrs Bretton, and the childhood antics of six-year-old Polly and 16-year-old Graham.

But Lucy, who tells the tale in the first person and the present indicative, is pretty soon left without relatives, without a home and with just 15 guineas to support herself on. This is enough to take her to London and thence to Villette in search of a living; and despite her lack of either baggage or reference, she is taken on as a teacher at Mme Beck's school for girls.

The adaptation is pretty faithful; the fact is that the novel, which tends to read like a dramatised version of a young woman's diary, is ideal material for a serial of this kind. Joanna Mackie as Lucy hasn't been set at any serious acting problems so far, but was properly self-composed. Ann Rye was a homely Mrs Bretton, Saskia Downes did what she could with Polly, whom even Miss Bronte made a freak, and John Middleton's Graham was a convincing schoolboy. Kay Patrick is the director.

Don Juan Hurtado's armada in *The Sea Voyage* (Radio 3, Tuesday) has crossed the Atlantic – bad weather to begin with, then a truly Mendelssohnian calm sea. They have found and traversed the Magellan Strait. Young Simon Perez (John McAndrew), bastard son of the padre, is pushed into greater responsibility by Don Juan's favour and his father's death from a social disease. There is what seems to me an outbreak of heresy, but we shall see next Tuesday.

B.A. Young

Alastair Muir

Thelma Holt, abetted by Sir Peter Hall, opens more theatrical windows

Talent-broker on the world stage

Michael Coveney catches up with bohemian actress-turned-impresario, Thelma Holt

WHEN THELMA Holt played Shakespeare, she usually did so in the nude. And, invariably, in some violent political deconstruction directed by Charles Marowitz at the Open Space in London's Tottenham Court Road.

On Monday night, as executive producer of the Peter Hall Company, she will watch Dustin Hoffman deliver his fully-clothed Shylock in the slightly more salubrious surroundings of the Phoenix Theatre in the Charing Cross Road.

The network of associations already suggested gives a good idea of Miss Holt's invaluable but unrooted status in the British theatre. As actress, and now impresario, she straddles all artistic spheres with a blithe optimism and unshakeable belief in her own ability to make things happen.

The Merchant of Venice flies in under the wing of Triumph Theatre Productions, the commercial company of Duncan Weldon and Jerome Minskoff based at the Haymarket Theatre, where Miss Holt last year produced her old friend Vanessa Redgrave in Hall's Broadway-bound revival of Tennessee Williams's *Orpheus Descending*.

Two days later, on Wednesday, Holt unveils her second international London season at the National Theatre with the Argentinian *Tango Varsoviano*, containing an explicit sex scene on which Princess Margaret has already commented unfavourably over dinner with Royal National Theatre Director Richard Eyre (bang goes another knighthood).

And on Monday week, rehearsals begin in London for a Peter Hall Company production, supervised by Holt and directed by Adrian Noble, of Purcell's *The Fairy Queen* destined for July's Aix-En-Provence festival with inserts from Shakespeare's *A Midsummer Night's Dream*. Subsequent to *Orpheus*, which opens with Redgrave in New York in September, Hall and Holt get down to work on another Williams lost masterpiece for next year, *The Rose Tattoo*.

It all amounts to a giddying schedule, and I could only pin down Miss Holt to ask her about it during the long interval of last Saturday's unforgettable revival of the ENO's *The Mastersingers*. What makes her run? "The people I work with, an occasional nip of of vodka, lots of enthusiasm and a great deal of determination to run my life in order to make things happen of which I vaguely approve. I love actors, I love technicians, I quite like some directors, and I adore travelling."

Now a glowing 56, an Irish Catholic who has been twice amicably divorced, Holt is married to her curious mission of relatively unpaid talent-broker on the international stage. She works always with a loyal team of two, a blisteringly efficient male secretary called Malcolm Taylor and a slender amenuensis who rejoices in the name of Jane Slight but who is really known as "Sweet-Pea."

Out of her modest fees, she pays these two. What has she done? Let me count the ways. At the Open Space, with Marowitz, she produced the early work of Sam Shepard, Michael Weller and Trevor Griffiths. At the Round House she forged an association with the Rustaveli Theatre of Georgia, one of the great post-War companies, that reverberates to this day (the recent Russian season at Hammersmith was a direct spin-off); and with the Royal Exchange in Manchester and the Glasgow Citizens', on whose board she now sits.

Hall was on *her* board at the Round House. Noble directed a magnificent Manchester *Duchess of Malfi* (with Helen Mirren and Bob Hoskins) which paid a visit; as did the Citz who failed with *Don Juan*, but who will only now contemplate London if she is involved. Vanessa Redgrave, whom she understudied in *A Touch of the Sun* in 1958 ("Luckily I never had to go on; understudies wear the given clothes, and I was, and still am, 5ft 4ins, whereas Vanessa, as is well known, is six foot something") will not leave home without calling Thelma.

This promiscuous availability is a great part of her success. She was the marriage broker, no question, between Hall and Weldon, an unlikely pairing that has not progressed all that far beyond last year's unseemly threats of fall-out and legal action. Noble was the good news she took to Aix from Kent (Opera and the RSC). And, stemming from her Round House days and its powerful board, she can still pick up a telephone and raise instant financial support from Robert Maxwell, or Cyril Stein of Ladbroke's, or the oil people at Arco.

I offer this sketch merely to indicate the bohemian, improvisatory nature of British theatre at its sharper end. People who devote their careers and talents to broadening our limited cultural horizons – Holt, the organisers of the biennial LIFT festival, the late Sir Peter Daubeny, Pierre Audi of the Almeida, Neil Wallace in Glasgow and the current inspiration of Mayfest, William Burdett-Coutts – are pitifully ill regarded by the institutional nabobs. Already the National has indicated that all future international bookings will be in the gift of a new Eyre appointment, an arts educationalist and bureaucrat returning to Britain from Australia, as Head of Touring.

Holt is philosophical. She will merely pack up her bags, and her telephone directory, and move on, with Malcolm and Sweet-Pea, to the next staging post. And following her there will be many of the most significant talents in world theatre – Peter Stein, Peter Brook, Ninagawa, Robert Sturua, Peter Hall, Vanessa Redgrave, the Glasgow Citizens and countless other witnesses to free-spirited vagabondage.

Herculean task ahead

Can the Greeks bring the Games home to the cradle of culture? Antony Thornсroft reports from Athens

THE GREEK Government is desperately keen that Athens should host the 1996 Olympics. Not because it has a tricky election on its hands next month, and playing the Olympic card is popular with the voters; not because, as Los Angeles proved, organising the Olympics need not bring financial ruin. But because the first modern Olympics took place a hundred years earlier in Athens, and the Greeks believe that they can roll back commercialism and nationalism and return the Games to the pure idealism of the healthy mind in the healthy body which inspired the revival.

If anyone can convince the beady eyed 92 officials who next year choose between Athens and its rivals, Toronto, Melbourne, Atlanta – and Manchester, it is Melina Mercouri, the Greek Minister for Culture. No one can declaim more dramatically on the uplifting atmosphere of Greece, or conjure out of fantasy a chain linking the naked athletes who, for over a millenium from 776 BC journeyed to Olympus for the four yearly tourney, and the sharp blazered automatons drill marching around the modern arena.

Unfortunately the main link is that the religious convictions, which inspired the first athletes competing at Olympus, developed over time into a chase for material awards that would shame some of their modern counter parts. Athens, however, is not planning to win the Games by bribes: rather by seizing the high moral ground, ground illustrated through a three part exhibition *Mind and Body*, which opened in Athens on Monday and attempts to illustrate the unity between past and present, between the well trained body and the well adjusted mind.

Despite failing health, the indomitable Mrs Mercouri had gathered together a job lot of mental and physical champions for the opening – the strongest man in the world, Alexeeye, the Russian weightlifter, representing the brawn, and Dr Jonathan Miller, the brain, with gold medallists like the Australian swimmer Dawn Fraser and pop artists like Robert Rauschenberg.

They had a great deal to be bemused about. The exhibition is inviolable in its first part, a collection of antiquities in the National Archaeological Museum bringing to life the classical Games through vases, statues, gravestones, murals, etc. The British Museum and the Louvre have added to the local treasures and the impact is powerful – most notably the tangible survivals, like a discus carrying a dedication to Zeus, dating to the 3rd century AD; a weight, grasped in the hand by a long jumper to help his forward thrust; and the mammoth stone which Bybon raised with one hand to win his olive wreath over 2,000 years ago.

Wrestlers in the Mind and Body exhibition

Not all the material justifies Mrs Mercouri's idealism – the boxing scenes on some of the vases suggest a vicious side to the Games, and many of the events were geared to improve the athletes' martial skills. But the exhibition is a delight – it also, with its clear presentation, shows up the inadequacies in the display of the permanent collection.

Across town in the National Museum is a very different extension of the theme. Attempting to present the rebirth of the Olympic ideal through the enthusiasm of the Frenchman Baron de Coubertin in the late 19th century, and on to contemporary times, the organisers came badly unstuck. A few modern statues of idealised youth are embarrassingly inert compared with the cracked and broken remnants from antiquity, and the natural desire to show Greek involvement in the Olympic revival is hardly expressed through designs for theatres and churches.

But if the Mind is inadequately covered, the exhibition comes to life when it gets to the Body through the enthusiastic application of modern technology. There are banks of machines which, at the press of a button, give you the details of every Olympic winner since 1896, and if you are lucky a photograph of the champ. There are two giant screens where you can conjure up highlights from old Olympics, going back to film of the first modern games. All the film of early Olympics is totally gripping, illustrating the amateurishness of the events in the finest sense of the word – one steeplechaser is captured helping another out of the water jump. In comparison the modern film presents the Olympics as show business, a television opportunity, concentrating on winners and personalities.

Another exhibit vainly tries to draw those warring elements – the Body and the Soul, the modern and the antique – together by alternating screens of filmed action with stills taken from Attic vases and friezes. Once again the ritualistic treatment of the Olympics in antiquity jars with the modern gamesmanship.

There is one more exhibition, of contemporary Greek art built around the themes of sport and motion, at the Zappeion. It has a garish immediacy but it is hardly worth a special trip.

Taken together Mind and Body represents the Greeks concentrating their pitch for the Olympics on an emotional appeal to the past, ambitiously arguing for a Games to celebrate the complete man. It seemed natural that in appealing for the Games Mrs Mercouri should also appeal for the Elgin Marbles. She announced an architectural competition to build a badly needed new museum at the Acropolis, a museum which would leave space for the Parthenon frieze in the British Museum. Her chances of getting the Games seem better.

ARTS

All is swept up in surreal hilarity

At the Cannes Film Festival laughter is used as a weapon to shock, reports Nigel Andrews

"Doctor, I am still having this dream that I am at the Cannes Film Festival enjoying all the films." – "Dear me. Have you had this dream in previous years?" – "Never." – "Do you dream that this enjoyment is shared by others at the festival?" – "Not at all, doctor. A lot of people are walking out of the movies I like or even booing them." – "Hmmm. I think perhaps you should take a holiday. This may be much more serious than we thought."

It may indeed. Life in Cannes itself continues to be more like a holiday than a film festival. As in my last dispatch, audiences here are being bombarded with comedies. When not laughing at the plump and wonderful Marianne Sagebracht in Percy Adlon's new *Rosalie Goes Shopping* (Bavarian housewife steps into the world of American high finance), they are swept up in surreal hilarity by Australia's *Sweetie* (black comedy of family madness) or Yugoslavia's *Time Of The Gypsies* (mad comedy of family cataclysm).

Even when you escape to the festival's Market section – those back-street cinemas where critics and film-makers mingle in non-competitive fraternity – you are doomed to laughter. Paul Bartel's *Scenes From The Class Struggle In Beverly Hills*, a kind of *Hollywood Wives* gone haywire, competes for your chortles with Bill Forsyth's *Breaking In*, a heist comedy that restores Scotland's favourite son to the land of laughter after the over-earnest hell of *Housekeeping*.

Not even the festival's "serious" movies can quite be trusted. Films like Shohei Imamura's *Black Rain* or Spike Lee's *Do It The Right Way* keep sending furtive signals to the funny-bone, much as small children will misbehave at funerals.

Lee's skilful tale of race tensions in midsummer Brooklyn – when America's ethnic melting-pot comes to the boil in a 100-degree heat wave – ends in a killing and a riot. But before that, the technique is a sniper's: cleverly puncturing expectation with witty asides or non-realist impromptus (like a quick-fire montage of racist tirades, as stylised as Cyrano's famous "nose" aria.)

The Japanese film portrays the after-effects of the A-bomb on a 1950 family in Hiroshima. Solemn stuff: but as if aware of the laboured solemnity of much of its treatment (monochrome photography, limping dialogue and plot exposition) the *film* keeps *breaking for* comic interludes. Old fishermen witter on about the healing power of carp's blood; a crazed villager keeps dashing out from his home to attack passing vans. (He hears in them the returning rumble of the Allied Armageddon.)

If we are to giggle most of the way to the Cannes closing gala, who could complain? As of now, I would slice the Golden Palm in half and share it between two films, *Sweetie* and *Time Of The Gypsies*. Neither uses laughter as a comforter nor invites it as mockery. Both use it as a guerrilla weapon: to surprise the mind and heart, to shake them or shock them into new thoughts and feelings. (Shock is the word: both films won boos or walk-outs from some sections of the audience.)

Jane Campion's *Sweetie* plays a hide-and-seek game with human hopelessness. Two Australian sisters with mental problems – Kay (Karen Colston), slim, nervous and phobic about trees, and "Sweetie" (Genevieve Lemon), fat, emotional and failed in show-business – battle it out with life, parents, boyfriends and each other.

Surrealism reigns, often at fever-pitch. Kay, when not quarrelling with live-in Louis, *charges off with him*, Dad and her small child to join distant Mum in a sort of Outback cowboy town, where Mum seems to be resident cook-chanteuse. (These scenes are like *Blazing Saddles* gone buckaroo.) And Sweetie, when not chewing china animals or wrecking Kay's home because she was left out of the trip, is painting her body black and yelling blue murder at the returning family from a tree-top.

Instead of setting its gleaming eccentrics in a foil of naturalism, Campion gives the whole movie the glint of visionary madness. The colours and camera angles suggest Diane Arbus let loose in Wonderland. Cinematographer Sally Bongers is the first woman ever to "lens" an Australian feature film: first of many, if they're all this good. And the storytelling combines comic anarchy with a sure, elastic homing instinct. The family that falls apart together keeps glueing itself together again: touchingly, untidily, just like Kay's china horses. The movie is funny and shocking, ridiculous and sublime: a true original.

Time Of The Gypsies may miss this year's Palme d'Or since its director, Emir Kusturica, won the prize in 1985 for *Father Is Away On Business*. But the film's winged first half-hour scoops us up and takes us to celluloid heaven. "Magic realism" has never been more magical than in this gypsy village. Pet turkeys flutter through rooms like wrathful household gods; a bride in white flies through the midnight air in a girl's waking dream; a vengeful son lifts his parents' entire home into the air, on a stormy night, with tractor and towing cable.

The miraculous is unconfined: Chagall meets Marquez on the dark side of the Danube. The movie comes down to earth in its middle hour, steering us through the tale of a young village boy who stumbles into a life of crime and wanderlust with a gypsy Fagin. But back on course for its finale, it revisits the village and frames the tale in a gilded delirium of make-believe. Funny and fantastical.

The best film outside the competition has been. Atom Egoyan's *Speaking Parts* (Directors Fortnight). As stylised as the young Canadian's 1988 success, *Family Viewing*, this mixes weird dialogue (Beckett out of Bresson) with an even weirder plot and cast of characters. A film-maker, a woman screenwriter, a gigolo, and a hotel chambermaid are all tumbled into a tale of sex, love, emotional blackmail and home movies. Egoyan freely mixes film and video – giving the latter a surreal, ectoplasmic life all its own – and creates a macabre and brilliantly convoluted moral comedy.

Less brilliance from our own film-makers at Cannes. British cinema has chosen 1989 as one of its "No, we won't come out and play" year. In 1988 we were the brightest boys on the block (see *Distant Voices, Still Lives, A World Apart* and Co.). This year all we can boast is a couple of British Film Institute curios and some out-of-town try-outs in the Market section. (Most, I fear, should stay out of town and keep trying.)

Only Ian Sellar's *Venus Peter* raised a ripple of non-British interest: a gently gilded tale of growing-up in a Scottish fishing village. But it is flawed by stylistic inertia and by too many well-known actors (Ray McAnally, David Hayman) giving well-known performances.

Also disappointing is Kenneth Branagh's keenly awaited *Henry V*. Filmed in sets sombrely lit to disguise their shoestring provenance, the film is dismayingly claustrophobic for about an hour, after which it is dismayingly *al fresco*. In grey, rainy landscapes and on muddy, war-is-hell battlefields, Shakespeare's verse never – or seldom – catches fire. (Branagh's "Oh God, of battle" speech is an exception: so is Paul Scofield's whole performance as the French King.)

Worse still, one keeps suspecting that Henry's army is really a band of thirty-odd British actors rhubarbing away in a bid to persuade us that they are several hundred. We are not convinced. Good moments. A goodish Battle of Agincourt. Otherwise, once more unto the drawing-board, dear friends.

"Blazing Saddles" gone buckaroo: Genevieve Lemon and Karen Colston in Jane Campion's "Sweetie"

Funny and fantastical: scene from "Time of the Gypsies"

Sci-fi addicts' evening

B.A. Young reviews 'Slaughterhouse Five' at the Everyman, Liverpool

THERE IS science-fiction in Kurt Vonnegut's novel, and war, a barber-shop quartet and a touch of sex, but these are not what Vince Foxall and director Paddy Cunneen chiefly exploit in their adaptation. What concerns them is the author's wise criticism of earthly society as it was demonstrated at the time of the Dresden bombing, which he experienced from an air-raid shelter – Slaughterhouse Five.

One of the features of Tralfamadore, the planet to which Vonnegut's hero Billy *Pilgrim is transported*, is that time is continuous, so that there is no "now." Everything that has happened, or will happen, exists for ever. Foxall and Cunneen, like Tralfamadoreans, try to put on the stage everything in the book with no strict adherence to the order in which it occurs. The main events are these:

The German capture of Billy Pilgrim (Peter Darling) and three fellow-soldiers during the Battle of the Bulge; their transfer to Dresden *and the* bombing; Billy's committal to a mental ward, his wedding, his encounter with a flying saucer; his exhibition in a Tralfamadorean zoo, where he delights the spectators by mating with film-star Montana Wildhack.

There is no way of making it into a coherent drama. But the book is full of apparently unimportant incidents that Vonnegut uses as examples of human behaviour, and a capable dozen-strong company brings them to life. There is the generous reception of the Americans by British prisoners (busy acting The Wooden Horse). There is Lazzaro (Barry Birch), determined that after the war he will have everyone assassinated who has angered him. There is ageing Derby (fine playing by Bev Willis), shot for looting after picking up a stray teapot. There is the recruiting speech of Howard *Campbell, the American Nazi*.

Away from the Army, there is Billy's air crash, not to mention his wedding. Easily forgettable are the meeting in the crazy ward with Eliot Rosewater, a visitor from *another novel, and his books* by Kilgour Trout, also from another novel.

Vonnegut himself, vigorously played by Jeff Nuttall, sits at a typewriter in the middle of it all, trying *to recall his experiences and* Billy's. You must know the novel to hope to follow all that goes on, and the theatre was noticeably less full after the interval than before. (Two whole rows of teenage boys had gone.) But there is enough to illustrate Vonnegut's philosophy, and I found some moments pretty good. Two bombed-out Dresdeners with their sympathy for the exhausted enemies almost made me weep.

It is immediately after Billy has told his interplanetary captors about the harshness of earthly life that we cut to the bombing. There are no bomb-crashes, but a fortissimo rendering of the *De profundis* from Fauré's *Requiem*, surprisingly effective. Fauré is brought in a moment later when, after the Dresdeners have shown their kindness, Derby is shot to the sound of *Pie Jesu*. This is an evening for addicts only.

Venture up the Garden path

Andrew Clements samples the first fruits of a new opera scheme

AFTER SEVERAL decades in which they were places to be shunned by any image-conscious radical composer, opera houses are now in, and getting the chance to write an opera, any kind of opera, is evidently regarded as a Good Thing. That belief appears to be the rationale behind the Garden Venture, the theoretically admirable scheme hatched between the Royal Opera and *The Independent* newspaper to fund a scheme for composers to take the first steps on the long road to writing a full-scale stage work.

Independent readers stumped almost £100,000 to sponsor the productions, and the Arts Council found the commission fees. The results are displayed this week and next at the Donmar Warehouse in Covent Garden – seven more or less mini-operas distributed across two programmes, and in the event offering a uniquely depressing experience; of the seven there is only one that I would willingly experience for a second time, and it must be rare for a project of such intrinsic worth to fail so comprehensively in its realisation.

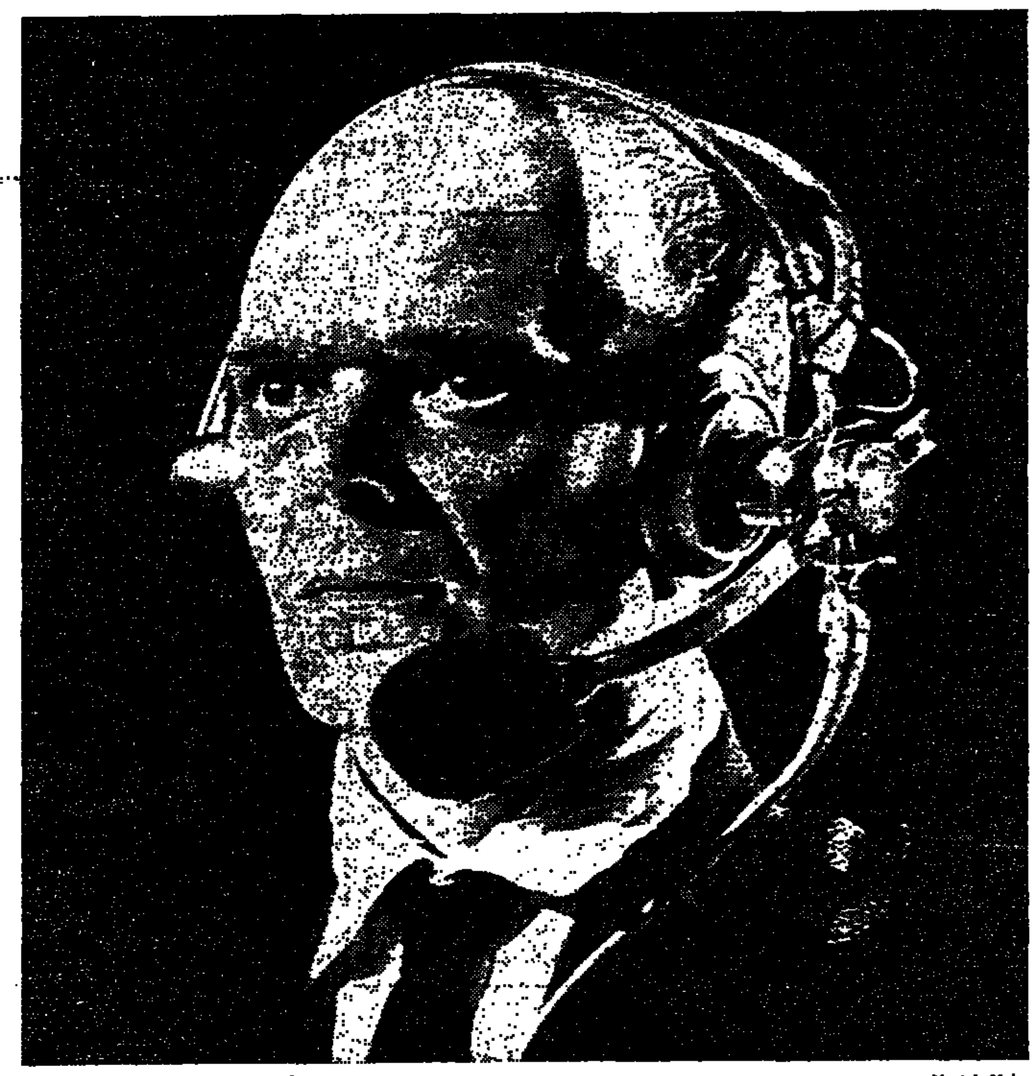
The whole hapless enterprise raises a host of questions. Having dreamt up the scheme, how was it then put into practice? Who selected the seven lucky composers, and what criteria were used in that process? And having made the choice, who exercised editorial control over the finished products? Was no one in a position to reject a piece simply because it turned out half-baked or inexpert, or was anything to be allowed in the name of old-fashioned liberal *experiment?*

How, for instance, Edward Lambert's *Caedmon* was allowed to reach the stage at all remains one utter mystery, and why Lambert should have been given the opportunity to spin out his fundamentally unoperatic theme for 90 minutes when the others did not stray beyond their allotted half-hour spans, is another. When one of the implied challenges and strengths of the Garden Venture was surely for composers to be required to find a means of packaging a properly shaped and dramatically credible piece of music theatre into a defined small span, the inclusion of a piece that blithely ignored all such constraints seemed somewhat tactless, especially when more than one of the other operas suffered from over-compression, and might well have been more successful with the addition of five or ten minutes' more music.

With Lambert's work the Venture reaches its nadir, providing the base line against which the other offerings could be measured. Nothing else was as thoroughly dislikeable as *Caedmon*. Andrew Poppy's *The Uranium Miners' Radio Orchestra Plays Scenes from Salome's Revenge* expended all its humour on the title, and proceeded to cram far too many dramatic and literary ideas into the deadly earnest libretto, while Michael Christie's reworking of a Rilke prose-poem, *The Standard Bearer* (libretto by John McMurray) lacked enough distinction in its musical ideas to make a serviceable outline into a credible theatre piece. Both Peter Wiegold's *Last Tango on the North Circular* and Kenneth Chalmers's *Soap Opera*, to a neat text by Felicity Hayes-McCoy, tried to capitalise upon the stock situations of popular drama, without every quite hitting the right ironic note, though Chalmers came very close to bringing it off.

The most convincing pieces were Priti Paintal's *Survival Song* (libretto by Richard Fawkes) intended as a study for a full-length opera on the life of Steve Biko and working through the events leading up to a necklace killing with uncomplicated directness, and *Jeremy Peyton Jones's The Menaced Assassin* which treated a story by Edgar Allan Poe with some skill and sense of theatrical style. Even those works, though, lacked genuine freshness: it is hard to believe that seven composers given such free rein could not have come up with at least one original dramatic idea between them.

Performances appear to have been most thoroughly prepared and the singers, many of them taking roles in two or more operas, were impressively involved. Susannah Self in the Poppy and the Christie, Alison Truefitt in the Wiegold and the Peyton Jones, and Gerard Quinn as a reptilian South African policeman in the Paintal deserve special mention. But their efforts could have been so much better targeted; the sense of an opportunity squandered is hard to resist, and were I one of the subscribers to the project, I would not have been reassured by the way in which my money appears to have been spent.



Alastair Muir

Andrew Bailey in "The Unranium Miners Radio Orchestra . . . " by Andrew Poppy

SPORT

Dalglish: a man for the moment

Ian Hamilton Fazey meets a dignified football manager

WHEN the hour came, the man emerged. Kenny Dalglish surprised a wide public in the weeks after last month's Hillsborough disaster.

Here was a man who was supposed to be press-shy, lacking in public relations skills, mockingly laconic with sports journalists and capable of punishing inane questions as summarily as he would a bad back-pass to a goalkeeper on the field of play.

Suddenly, with quiet but firm leadership, he was demonstrating a compassion and dignity that at first focused grief but then started turning people's minds to life's having to go on.

This did not fit the image presented previously by a mass-market sporting press which prefers its football managers to be either flamboyant egomaniacs, often with troubled private lives, or potential victims of capricious chairmen for not succeeding well enough.

Today he will lead his Liverpool players onto the field at Wembley in the FA Cup Final against Everton, Merseyside's other great football club.

In his office under the stand at Anfield, Liverpool's stadium Dalglish tucked into his mid-morning plate of hot buttered toast and wondered why anyone should think he had *ever* done anything unusual, not only in the Hillsborough aftermath but in his long career as a world-class footballer.

"Parents set the standards for their children," he said. "My father always saw himself as fortunate to have a job. We lived on a council estate in Glasgow and he worked on diesel engines. My parents set the mould for my sister and me.

"I learned early on that you have to work at your skills if you are going to do anything with them. I have been fortunate, really. I played for Celtic when they had their most successful side and I have been very fortunate with the span of my career, playing for Liverpool at their best and for Scotland in an era when they qualified for five World Cups.

"I never allowed the adulation of the crowd to carry me away. I'm not special. In family life you have to help each other. I have got a family of my own now who know me simply as Dad. If I didn't keep my feet on the ground, I've got a wife, Marina, and four children who would soon bring me back to earth."

Peter Robinson is Liverpool's chief executive and has provided the club with administrative stability since 1965. He is another anti-flamboyant member of the Anfield hierarchy.

"No one here was remotely surprised at the behaviour and dignity of Kenny Dalglish. We are all fairly ordinary common beings. We think and behave like ordinary people because we *are* ordinary people," he says.

Dalglish says: "We were just trying to help people. They have always helped as supporters. We supported them when they needed us. It's what families do. This club is like a family. It was 95 members of a family we lost. When you lose people in your family you all help each other."

Tony Ensor says that the family approach is also the key to Liverpool's playing success. Ensor, one of eight members of the Liverpool board, is probably the most uniquely qualified football club director in Britain, for he is a recorder of the Crown Court and sits regularly at Preston. He is also the club's solicitor.

"No one is treated as superior at Liverpool. No one is allowed to be a prima donna," Ensor says. "The older players help the younger ones keep their feet on the ground. The trainers behave like regimental sergeant majors of old. Before Kenny became manager you should have heard the way they used to boss him and Graeme Sounness around.

"I find it very telling that a brilliant footballer like Peter Beardsley, who cost Liverpool £1.7m when we bought him from Newcastle, makes no bones whatever at helping to load and unload the kit from the team bus."

With Liverpool's team as crammed with talent today as at any time in the last 25 years, he sees Dalglish's leadership as crucial in keeping the club's "one for all and all for one" philosophy going.

Dalglish's predecessors – Bill Shankly, Bob Paisley, and Joe Fagan – were either fatherly or avuncular. Dalglish can lead directly by example. It is difficult to shirk in training and be able to look Dalglish – who has always worked as hard as anyone else – in the eye afterwards.

Not that he tries to make players into something they are not. "You always succeed much more as a team than you can as a collection of individuals. The club is bigger than any player – always," he says.

"You get within the framework of a team people who get more publicity than others or who are more popular. Everyone won't be the same type of person. We're all different and I can't expect people to be the same as me.

"I respect people for what they are or what they do or achieve. You cannot succeed by trying to make everyone clones of the manager. I do what I think is right and I just hope that I make more good decisions than bad ones.

"What else am I but a combination of 38 years of living. I couldn't point a finger and say that a particular thing was relevant to this, that or the other."

If Liverpool win today and then score a win and draw against West Ham and Arsenal next week, they will achieve the Football League and FA Cup double for the second time, lift the Cup for the fourth time and the League title for the 18th time.

The club as a business will probably also make about 10 per cent on between £6m and £7m of turnover, the 19th year of profit in the last 21 – and this despite prices that are about 60 per cent of London's clubs because of the depressed Merseyside economy.

However, sales volume from 40,000 people is enough to keep ahead, though the few hundred holders of the club's 12,000 shares – current market value is about £300 per share – are never paid a dividend but can count on getting tickets.

Ensor says that morally the real shareholders are the regular fans. Robinson says that all profits go into buying players or towards ground improvements, so the fans get the benefit in the end from continuing success and increasing comfort. The fans are the market and the club serves them.

Dalglish says: "Despite its success, this club has never lost its roots with the people. If you lose touch with reality, you are lost."

Today's reality is that Everton will be trying to bring Liverpool down to earth. It is fitting, in the Merseyside soccer family, that it should be no one else.

Kenny Dalglish: Liverpool's compassionate manager

The secret life of a county

Teresa McLean takes a look at Leicestershire cricket

LEICESTERSHIRE the cricketing county – now that's what I call a difficult subject. Leicestershire the home of fox-hunting parsons is the nearest the county gets to a public image. And the character of its cricket is so much an inside story, so curious and concealed, that even its native players have problems describing it.

Les Taylor, a born and bred county patriot who shoots game, hunts foxes and has been playing cricket for Leicestershire since 1977, sums it up with a shrug and a smile: "Well, it's just Leicestershire." No one would argue with that, but it is only true in the sense that black pudding is just black pudding until you have tried it when it tends to produce strong feelings one way or the other.

In the minds of the general public Leicestershire would be hard put to it to produce more cricket associations than David Gower, whom people have heard of because he is captain of England for this summer's Ashes series and was captain of England for the disastrous 1986 tour of the West Indies. In the minds of the cricket-loving public Gower is well known as captain of England and of Leicestershire, but is most admired because, when he is in form, his batting is like a Shakespearean sonnet.

Once you are used to Leicestershire cricket, it does have its share of high spots, and its quiet spots are sometimes deliciously eccentric. It has always had a small, strong local element. Astill and Geary, for example, faithful, popular, perennial, extremely talented all rounders and bastions of their county's cricket in the 1910s, 20s and 30s, were local with a vengeance. But, because Leicestershire is a small county with a small population, such players were always liable, as they are pretty well certain these days, to be displaced by imports. In 1938 Charles Dempster, the New Zealand opening batsman, took over the captaincy from Astill.

In last Sunday's Refuge Assurance game at Leicester, Les Taylor and Nigel Briers represented the local tradition at its most unassuming – Taylor was twelfth man; Briers was bowled by Jarvis for 5, though that does not do justice to Briers's contribution to his county's game. Both his parents either played or worked for local cricket clubs and Nigel, the Briers of the moment, had a greater moment last year than he had last Sunday, when he captained Leicestershire while Gower was absent. Even so, he does not find it easy going at the moment.

The most useful contribution to Leicestershire's annihilation of Yorkshire came from their Guyanan Chris Lewis, whose 9 overs of acrid medium pace took 3 Yorkshire wickets for 9 runs, and their Antiguan Winston Benjamin, whose 9 overs of speed took 2 for 28. Yorkshire were all out for 89. The rest of the Leicestershire team were pick ups from Cheshire, Middlesex, Durham, Yorkshire and Kent. One of Kent's early exports to Leicestershire was Gower. His 35 not out, gracious but erratic, was the outstanding episode in Leicestershire's batting that day.

This kind of cosmopolitanism, alongside a nugget of home grown players, is just one example of Leicestershire's double-edged cricket personality. The county established itself early on as a radical as well as a conservative force in cricket. In 1935 Astill, Leicestershire's local pre-war star, became the first professional captain in county cricket, at a time when Leicestershire was still overflowing with clerical gentry. Its cricket could only accommodate a certain amount of gentlemanly unreliability if it was to survive.

Early in the century Albert Knight used to kneel and pray for divine assistance in surviving the bowling. In 1932 there were no fewer than six captains of Leicestershire. Amateurs could afford to be whimsical and such were their triumphs in this respect, including a mid-season departure to plant tea in Sri Lanka, that Astill was appointed professional captain amid considerable rejoicing. This was accompanied by self-congratulation when the county immediately rose to its highest ever position, until then, of sixth in the county championship.

Leicestershire's radical/conservative honours were divided between the dying, but proud, breed of amateurs and the fast-growing breed of professionals imported on the free trade market in players. Leicestershire was the first county to offer the Australian tourists a lump sum for a match, whatever the size of the crowd, and the first to try the new one-day programme in 1962.

Best of Leicester County Cricket Club's radical efforts was the April 1947 proposal to start play at 1pm instead of 11am and carry on, with no luncheon interval, until 8pm, making it possible for Leicester's cloth workers to watch an evening session. The idea put the editor of *The Times* off his lunch and was rejected.

The cloth and the county town element still loom large, though not, I think it is fair to say, majestic in Leicestershire's cricket, and can still provoke deeply felt reactions.

On paper the county's pace bowling is good, its spin bowling a bit patchy, depending on what Willey feels like, and its batting is good but too dependant on Gower. He will be conscripted into national cricket service against the Australians often this year, leaving Leicestershire with adjustment problems over batting and, most seriously, over captaincy.

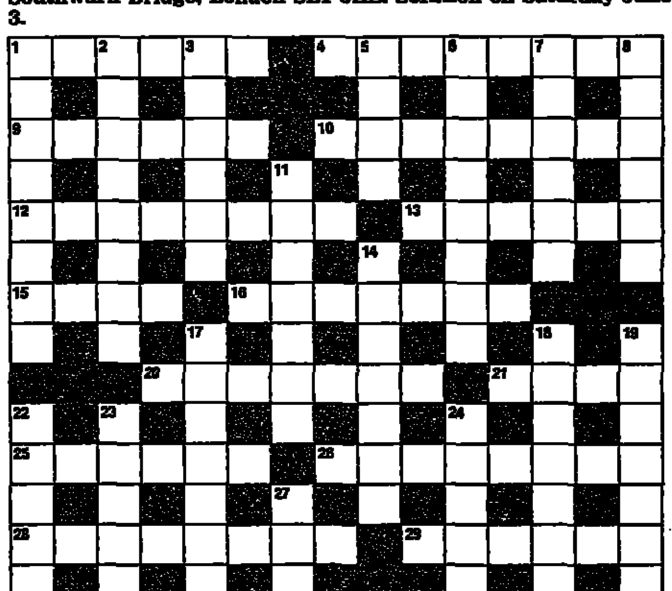
The cloth mills are still there. Grace Road is a large ground with quite good catering facilities, backing on to a huge factory. There are still sheep throughout the surrounding countryside. Agnew still bowls well and consistently, especially now that De Freitas has taken his moods to Lancashire. The players have seen a sports psychologist and are now, officially, happy after a bad patch.

The only trouble is that Gower will be an intermittent presence this season and, somehow, Leicestershire has a knack for not quite living up to its reputation on paper. If it can get over that, its talent is as exceptional as its cricket is hard to describe.

CROSSWORD

No. 6,939 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday May 31, marked Crossword 6,939 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 3.



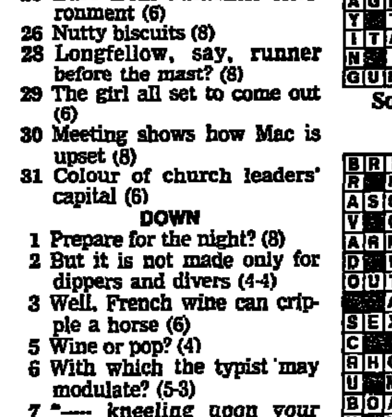
ACROSS

1 Powerful coach beset by corrosion (6)
4 Bishop, for example, taking half school into manse for a change (8)
9 Cry after two hips are put out? (6)
10 In stress I would shrink – blow! (8)
12 Archers' location of wild game-bird (8)
13 Was Trollope's Slope such a type? (6)
15 Third man to opening pair (4)
16 Foolish talk of solitary lad outside (7)
20 Tearing out rock (7)
21 Miserable camp (4)
25 Lure from authentic environment (6)
26 Nutty biscuits (8)
28 Longfellow, say, runner before the mast? (8)
29 The girl all set to come out (6)
30 Meeting shows how Mac is upset (8)
31 Colour of church leaders' capital (6)

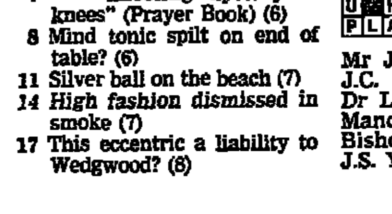
DOWN

1 Prepare for the night? (8)
2 But it is not made only for dippers and divers (4-4)
3 Well, French wine can cripple a horse (6)
5 Wine or pop? (4)
6 With which the typist may modulate? (5-3)
7 "— kneeling upon your knees" (Prayer Book) (6)
8 Mind tonic spilt on end of table? (6)
11 Silver ball on the beach (7)
14 High fashion dismissed in smoke (7)
17 This eccentric a liability to Wedgwood? (8)
18 Battle-station (8)
19 "Pea-cases" perhaps – a work by Turner (8)
22 One immersed in storm centre? (3-3)
23 Fliers in mixed set rake with shots (6)
24 Crush the spirit (6)
27 Band of fifty in cooler (4)

Solution to Puzzle No.6,938



Solution and winners of Puzzle No.6,927



Mr J.I. Bramman, Leeds; Mr J.C. Burt, Heston, Middlesex; Dr L.S. Copeland, Prestwitch, Manchester; Mr R. Stephens, Bishopstoke, Hampshire; Mr J.S. Young, London NW11.

TELEVISION & RADIO

SATURDAY

†indicates programme in black and white

BBC1

8:30 am Roobarb. 8:35 The Raccoons. 9:00 On the Waterfront. 10:55 Cartoon Double Bill. 11:10 Film: "Song of Norway" starring Toralv Maurstad and Florence Henderson with Harry Secombe, Robert Morley and Edward G Robinson. 1:25 pm News. 1:30 Grandstand including FA Cup Final between Everton and Liverpool from Wembley Stadium (kick-off at 3:00). 5:15 The Pink Panther Show.

5:35 News. 5:45 Regional News and Sport. 5:50 MacGyver. 6:40 That's Show Business. 7:10 Bob Says... Opportunity Knocks. 8:00 Columbo. 9:15 News and Sport. 9:30 Midnight Caller. 10:20 Match of the Day: The Road to Wembley. Highlights of today's FA Cup Final between Everton and Liverpool. 11:20 The Odd Couple. 11:45 Film: "The Anniversary" with Bette Davis, Jack Hedley and Sheila Hancock.

BBC2

2:45 pm Network East. 3:25 Film: "Thousands Cheer" starring Gene Kelly with Kathryn Grayson. 5:25 The Week in the Lords. 6:05 Civilisation. 7:00 Ways of Seeing. 7:40 Newsview. 8:25 The Shock of the New. 9:30 Film: "The Go-Between" starring Julie Christie, Alan Bates and Dominic Guard. 11:20 Film: "The Quiller Memorandum" starring George Segal, Max von Sydow and Senta Berger. 1:00-1:35 am Rapido.

LONDON

6:00 am TV-am Breakfast Programme. 11:00 The Chart Show. 12:00 ITN News followed by ITV National Weather. 12:05 Local News and Weather. 12:10 pm The Cup Alternative: "Carry On Again, Doctor" starring Kenneth Williams, Sidney James, Charles Hawtrey and Barbara Windsor. 1:50 The Cup Alternative: "Raise the Titanic" starring Jason Robards and Alec Guinness. 3:55 The Cup Alternative: "Murder, She Wrote: The Movie" starring Angela Lansbury.

5:40 ITN News followed by ITV National Weather. 5:50 Local News and Weather. 6:00 My Secret Desire. 6:45 Combat. 7:30 Brian Conley - This Way Up. 8:00 "Jake and the Fat Man" starring William Conrad. 9:45 ITN News and Sport followed by ITV National Weather. 10:00 Local Weather. 10:05 Hale & Pace. 10:35 Saturday Night at the Movies. 11:20 Drive-in Movie: "Samurai" starring Joe Penny, followed by ITN News Headlines. 12:35 am Sledge Hammer.

CHANNEL 4

8:00 am Box Office Weekly. 8:30 The Oprah Winfrey Show. 9:15 Jazz Classics. 9:25 Murun Buchstansangur. 9:30 Listening Eye. 10:00 4 What It's Worth. †10:30 "Fourteen Hours" starring Richard Basehart. 12:15 pm World of Animation. 12:30 Dance with Me. 1:00 Towards an Unknown Land. †2:00 "A Dog's Life", Channel 4's centenary Chaplin season continues with three of his finest shorts. †2:45 "The Pilgrim". †3:35 "Shoulder Arms". †4:20 "Every Day Except Christmas". 5:05 Brookside Omnibus. 6:00 Right to Reply. 6:30 Challenge to Sport. 7:00 The World This Week. †8:00 "The Great Dictator", Charlie Chaplin's first talkie. 10:25 Iranian Nights. 11:25 After Dark.

S4C WALES

9:30 am Open College. 10:30 Hard News. 11:00 4 What it's Worth. 11:30 Listening Eye. 12:00 World Alive. 12:30 pm Street Hockey. †1:00 Feature Film: "Hold that Co-Ed" starring John Barrymore. 2:30 Rownd Derfynol Cwpan Lloegr: Everton v Lerpwl. 6:30 Paradise on Earth. 7:00 Carreg Ateb. 7:30 Newyddion. 7:40 Reslo. 8:20 Nyth Cacwn. 10:50 Charlie Chaplin Season: "A Dog's Life" †9:35 "The Pilgrim" and †10:25 "Shoulder Arms".

IBA Regions as London except at the following times:

ANGLIA

5:30 pm Anglia News, Sport and Weather. 11:20 Starring . . . Gregory Peck: "The Scarlet and the Black".

BORDER

12:15 pm The S.F.A. Cup Final. Rangers and Celtic, the legendary Old Firm, meet today at historic Hampden Park in the final of the Scottish Cup. Arthur Montford, who retires at the end of the season, recalls the best of the action from more than three decades of Hampden finals, then at 3:00 The Final. 5:10 Survival. 11:20 "The Choirboys" starring Charles Durning, Louis Gossett Jr and Perry King. 1:30 am The Twilight Zone.

CENTRAL

11:20 pm Prisoner: Cell Block H, followed by ITN News Headlines. 12:20 am Starring Donald Sutherland: "Ordinary People".CHANNEL

11:40 pm Starring Charles Bronson in "Twinky". 1:35 am Viewer's Choice Series: "Time Tunnel".

GRAMPIAN

12:10 pm Scotsport Cup Final Special - Live coverage of the Scottish Cup Final Rangers v Celtic. 5:10 A.L.F. 5:55 Criomagan (Gaelic look ahead to the coming week of events in the Highlands and Islands). 11:20 Feature film: "The Choirboys" starring Charles Durning, Louis Gossett Jr, Perry King and Burt Young.

GRANADA

12:10 pm "Carry on Camping" starring Sidney James, Kenneth Williams and Charles Hawtrey. 11:20 "The Choirboys" (TV version) starring Charles Durning, Louis Gossett Jr and Perry King.

HTV

11:20 pm "Lone Wolf McQuade" starring Chuck Norris, David Carradine and Barbara Carradine. 1:25 am Sledge Hammer!

SCOTTISH

12:10 pm Scotsport Cup Final Special. Rangers and Celtic meet at Hampden Park in the final of the Scottish Cup. 5:10 Chain Letters. 11:20 The Star Movie: "Days of Wine and Roses" starring Jack Lemmon and Lee Remick.

TSW

11:30 am The South West Week. 11:20 pm Feature Film: "The Choirboys" starring Charles Durning and Louis Gossett Jr (TV version).

TVS

11:20 pm Starring Michael Caine: "Deadfall". 1:30 am Viewers' Choice - "Time Tunnel".

TYNE TEES

9:05 pm Cartoon Time. 11:20 "The Choirboys" starring Charles Durning, Louis Gossett Jr and Perry King.

ULSTER

11:20 pm "The Choirboys" starring Charles Durning and Louis Gossett Jr. 1:30 am The Twilight Zone.

YORKSHIRE

11:00 am The Chart Show. 8:00 pm "City Killer" starring Terence Knox. 11:20 "The Choirboys" starring Charles Durning and Louis Gossett Jr. 1:30 am The Twilight Zone.

RADIO

(S) Stereo on FM

RADIO 2

6:00 am Graham Knight. 8:05 David Jacobs. 9:00 Sounds of the 60s with Peter Noone. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm The News Huddlines. 1:30 Sport On 2, featuring The FA Cup Final between Liverpool and Everton, and the Scottish Cup Final between Celtic and Rangers, plus Cricket, Tennis and Golf. 6:00 Cinema 2. 6:30 Myself when Young. 7:00 Pop Score. 7:30 Sounds of the 60s. 8:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Patrick Lunt presents 'Nightride'. 3:00-4:00 A Little Night Music.

RADIO 3

7:00 am Morning Concert. 8:15 The Week on 3. 8:30 News. 8:35 BBC Scottish Symphony Orchestra. 9:30 Saturday Review. 1:00 pm News. 1:05 Third Ear. 1:30 Mozart: String Quartet in A, K464, played by the Salomon Quartet. 2:10 Brahms. 3:00 Adrian Boult: Mozart (Piano Concerto in G, K453, with Previn), Wagner (Prelude to Act 1 of Parsifal), Bax (The Garden of Fand), Walton (Symphony No 1). 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Musica Antiqua Koln. Telemann (Quartet in G), Janitsch (Quartet in F), Leclair (Trio Sonata, 'Scylla and Glaucus').

7:15 "Die Gezeichneten" (The Stigmatized Ones) Franz Schreker's three-act opera. The cast includes Kenneth Riegel and Janis Martin, and Gerd Albrecht conducts the Austrian Radio SO and Chorus. (8:05-8:10 & 8:50-8:55 interval talks about Schreker and his operas.) 10:00 Northern Sinfonia: Schubert (Symphony No 2), Tchaikovsky (Serenade for strings). 11:10 Outside In. Dave O'Higgins (saxophone) and his group Gang of Three with Lawrence Cottle (bass) and Mike Bradley (drums) at last September's jazz festival in the Hawth Theatre, Crawley. 12:00-12:05 am News.

RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends with Ned Sherrin. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast.

2:00 News; Any Answers? 2:30 The Lady and the Schoolmaster (s). 4:00 News; The Living World. 4:30 Science on 4. 5:00 Conversation Piece. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-Up. 6:25 Citizens (s). 7:10 Consuming Passions. 7:45 Saturday-Night Theatre (s). 9:15 Music in Mind (s). 9:50 Ten To Ten. 9:59 Weather. 10:00 News. 10:15 The Saturday Feature (s). 10:45 Once Upon A Time. 11:00 Sweet and Low-down (s). 11:45 I, an Actor (s). 12:00-12:30 am News.

SUNDAY

†indicates programme in black and white

BBC1

8:50 am Fireman Sam. 9:00 Sunday Worship. 10:00 Handmade. 10:30 Business Matters: 'Make Money Make Money'. 10:55 When in Italy. 11:20 Help Your Child with Maths. 11:35 Having a Baby. 12:05 pm Sign Extra. 12:30 Country File. 1:00 News; On the Record. 2:00 EastEnders. †3:00 Film: "To Kill a Mocking-bird" starring Gregory Peck. 5:05 The Pink Panther Show. 5:25 Clothes Show Travel Classics. 5:50 The Animals Roadshow. 6:25 News. 6:40 Val Doonican's Homeward Bound. 7:15 Three Up, Two Down. 7:45 All Creatures Great and Small. 8:40 Mastermind. 9:10 News. 9:25 That's Life. 10:10 Everyman: 'Armenians'. 10:55 Holy Orders. 11:25 Berliners: "1939-1945". 11:50 Network East.

BBC2

1:05 pm International Bridge Club. 1:35 Grandstand featuring: 1:30 Gymnastics (Women's European Championship from Brussels); 2:10 Cricket (Worcester v Surrey in the Refuge Assurance League); 3:40 Motor Racing (Round four of the Esso British Touring Car Championship from Donington); 4:00 Gymnastics; 4:30 Motor Racing; 5:00 Cricket, plus during the afternoon, Football (Highlights of the FA Cup Final).

6:40 The Money Programme. 7:15 Promises of Gold. 7:45 Theatre Night: Metamorphosis. Steven Berkoff's play based on Franz Kafka's short story. 9:15 Nature Special: 'Hidden Spain'. 9:45 Another Way of Telling. †10:15-11:40 Moviedrome: Alex Cox introduces a classic film noir, continuing the season of cult movies "D.O.A." starring Edmond O'Brien, Pamela Britton and Luther Adler.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Ghost Train on Sunday. 10:15 The Campbells. 10:45 Link. 11:00 Morning Worship from St Aldates, Oxford. 12:00 Visions. 12:30 pm The Weekend Live. 12:45 Police 5. 12:50 Local News and Weather. 1:00 ITN News, followed by ITV National Weather. 1:10 Eyewitness. 2:00 Coronation Street. 3:00 "Anastasia" starring Ingrid Bergman, Yul Brynner and Akim Tamiroff. 5:05 Bullseye. 5:35 The Wonderful World of Disney.

6:30 ITN News, followed by ITV National Weather. 6:35 Local News and Weather. 6:40 Appeal. 6:45 Highway. 7:15 Family Fortunes. 7:45 A Tale of Two Cities. 9:45 ITN News, followed by ITV National Weather. 9:55 Local Weather. 10:00 International Boxing: The British Commonwealth Middleweight Championship - Nigel Benn v Michael Watson. 10:45 Running Wild. 11:15 Invitation to Remember: the 50th Anniversary of Dulcie Gray and Michael Denison (Part 1). 11:45 The Chart Show, followed by ITN News Headlines. 12:45 am Pick of the Week.

CHANNEL 4

8:00 am David the Gnome. 8:30 Children of Fire Mountain. 9:00 Dennis. 9:25 Movie Mahal. 10.00 The World This Week. 11:00 Pob's Programme. 11:30 The Henderson Kids. 12:00 The Waltons. 1:00 pm Lost in Space. 2:00 Club X. †3:30 "The Littlest Rebel" starring Shirley Temple. 4:50 Worm Dances. 4:55 News Summary and Weather. 5:00 The Business Programme. 5:30 7-Sport. 6:45 The Cosby Show. 7:15 Fragile Earth: Arctic Tragedy. 8:15 "The Lion in Winter" starring Peter O'Toole, Katharine Hepburn and Anthony Hopkins. 10:45 Dance on 4: Lament of the Empress. 12:40 am Spalding Gray's Terrors of Pleasure.

S4C WALES

As Channel 4 except:
1:00 pm Star Test. 1:30 Fideo 9. 2:10 Chwaraeon: Criced a Phêl-droed. 6:45 A Different World. 7:15 Pobol Tregidia. 7:25 Newyddion. 7:30 Meistroli gyda Syr Geraint Evans. 8:00 Hel Straeon. 8:30 Negas Ewyllys Da 1989. 9:00 Y Duw Byn. 9:05 Film on Four: "Milk and Honey".

IBA Regions as London except at the following times:

ANGLIA

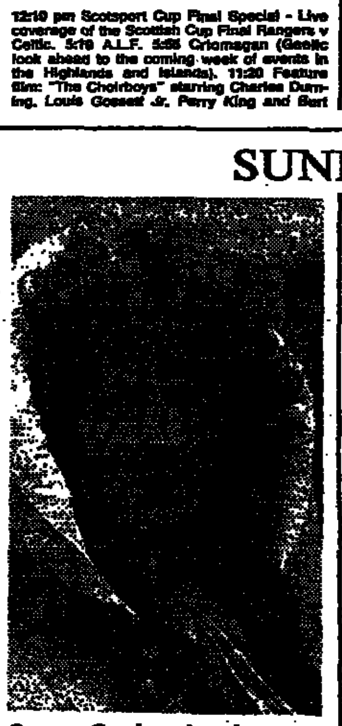
12:30 pm Farming Diary. 2:00 Highway to Heaven. 3:00 "Buona Sera, Mrs Campbell" starring Gina Lollobrigida with Phil Silvers, Shelley Winters, Peter Lawford and Telly Savalas. 5:00 All Clued Up. 5:30 Coronation Street (omnibus edition). 11:15 Prisoner: Cell Block H. 12:15 am Hodson Confidential.

BORDER

12:25 pm Landmark. 3:00 "An Affair to Remember" starring Cary Grant and Deborah Kerr. 5:05 Highway to Heaven. 6:00 All Clued Up. 11:15 Prisoner: Cell Block H, followed by ITN News Headlines. 12:15 am The Other Side of Midnight with Robert Elms.

CENTRAL

12:30 pm Central Newsweek. 2:00 Highway to Heaven. 3:00 "Anastasia" starring Ingrid Bergman, Yul Brynner and Helen Hayes. 5:00 All Clued Up. 5:30 Coronation Street (omnibus edition). 11:15 Prisoner: Cell Block H. 12:15 am Le Continental: "Police Python 357" starring Yves Montand and Simone Signoret.



Serena Gordon stars in "A Tale of two Cities" ITV, 7.45pm

CHANNEL

12:30 pm Reflections. 12:35 Les Français Chez-Vous. 12:50 Cyril Fletcher's TV Garden. 5:00 All Clued Up. 6:30 The Wonderful World of Disney. 11:15 Sledge Hammer! 11:45 Soap. 12:15 am The Spanish Connection. 1:20 The Other Side of Midnight.

GRAMPIAN

10:45 am The Human Face of Japan - "The Career Escalator". 11:15 Let's Rejoice. 11:45 Link. 12:30 pm Landmark. †3:00 Feature Film: "The Duke of West Point" starring Louis Hayward, Joan Fontaine and Richard Carlson. 5:00 National Shinty League Cup Final for the Marine Harvest Trophy. 6:00 All Clued Up. 11:15 Prisoner: Cell Block H. 12:15 am The Other Side of Midnight. 12:45 Donahue.

GRANADA

12:30 pm This is Your Right. 12:50 Aap Kaa Hak. 2:00 Disney Family Movie: "Parent Trap II". 2:50 Sunday Matinee: "Gold" starring Roger Moore, Susannah York and Bradford Dillman. 5:30 Coronation Street (Omnibus edition). 11:15 Prisoner: Cell Block H. 12:15 am The Other Side of Midnight. 12:45 Donahue.

HTV

12:30 pm West Country Farming, followed by Weather for Farmers. 2:00 Charlie's Angels. 5:00 All Clued Up. 5:30 Coronation Street (Omnibus edition). 11:15 Prisoner: Cell Block H. 12:15 am The Chart Show. 1:15 The Alain Delon Movie "Police Story".

HTV WALES

As HTV except:
12:00-12:35 pm Children of Wales...Children of the World. 2:00-3:00 Glamorgan CCC - 20 Years On.

SCOTTISH

10:45 am Glen Michael's Cavalcade on GMTV. 11:15 Link. 11:30 Sunday Service. 12:30 pm Scottish Supplement. 3:00 Landmark. 3:30 The Bill (Omnibus edition). 4:25 Scotland Today. 4:30 All Clued Up. 5:00 National Shinty League Cup Final. 6:00 ALF. 11:15 Grann Tara. 11:45 The Grand Ole Opry. 12:15 am The Other Side of Midnight. 12:45 Donahue, followed by ITN News Headlines.

TSW

10:15 am Gus Honeybun's Magic Birthdays. 10:17 Follyfoot. 12:30 pm Farming News. 2:00 The Fall Guy. 2:55 Gus Honeybun's Magic Birthdays. 3:00 All Clued Up. 5:30 Coronation Street (omnibus edition). 11:15 The Highwayman. 12:15 am The Other Side of Midnight. 12:45 Donahue.

TVS

12:30 pm TVS News. 12:35 Agenda. 12:55 TVS Weather including Farming Weather. 5:00 All Clued Up. 5:30 The Wonderful World of Disney. 11:15 Sledge Hammer! 11:45 Soap. 12:15 am The Spanish Connection.

TYNE TEES

12:30 pm Jack Thompson Down Under. 2:00 Who's The Boss? 2:30 All Clued Up. 3:00 Landmark. 5:30 Coronation Street (omnibus edition). 11:15 Inner Space. 11:45 Living and Growing for Adults. 12:15 am ITN News Headlines. 12:17 The Other Side of Midnight. 12:45 Donahue.

ULSTER

12:30 pm Preview. 2:00 Farming Ulster. 2:30 Ulster Schools Quiz. 3:00 "Dr No" starring Ursula Andress. 5:00 All Clued Up. 11:30 Mountbatten. 12:30 am The Other Side of Midnight.

YORKSHIRE

12:25 pm Grassroots Gardening. 5:05 Highway to Heaven. 6:00 All Clued Up. 11:15 Short Story Theatre. 11:45 ITN News Headlines, followed by The Chart Show. 12:45 am Pick of the Week.

SUNDAY

(S) Stereo on FM

RADIO 2

7:00 am Roger Royle says 'Good morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington with Your Radio 2 All-Time Greats. 2:05 pm Benny Green. 3:00 Alan Dell. 4:00 Those Beautiful Ballad Years. 4:30 Sing Something Simple. (5:00 FM joins Radio 1). 7:00 Charlie Chester. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes with Alan Keith. 10:05 Songs from the Shows. 10:45 Peter Dickinson at the piano. 11:00 Peter Clayton with 'Sounds of Jazz'. 1:00 am Patrick Lunt presents 'Nightride'. 3:00-4:00 A Little Night Music.

Medium Wave as above, except 2:00-7:00 pm Sunday Sport, including Football, Cricket, Golf and Tennis. 6:00 Sports Report. 10:5-11:00 Big Fight Special. Nigel Benn (GB) v Michael Watson (GB) for the Commonwealth Middleweight title.

RADIO 3

7:00 am Mornings at Seven. 7:30 News. 7:35 Music Group of London. 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 BBC Scottish Symphony Orchestra: Matthew Taylor (Sinfonia brevis), Schubert (Symphony No 9). 12:35 pm Stephen Bishop-Kovacevich (piano): Beethoven (Sonata in E flat Op 31 No3), Chopin (Nocturne in F-sharp minor Op 48 No2; Mazurkas Op 59; Polonaise in E-flat minor Op 26 No2). 1:35 Third Ear. 2:00 Morceaux de Concours. Nicholas Cox (clarinet) and Vanessa Latarche (piano): Rabaud (Solo de concours), Gallois-Montbrun (Konzertstuck), Widor (Introduction and Rondo). 2:30 A Greek Renaissance Composer. Motets by the 16th-century Greek composer Francesco Londarit performed by The Sixteen. 3:15 Celebrity Recital. Alfred Brendel (piano) in the Royal Festival Hall, London, part 1: Mozart (Variations on a Minuet of Duport), Brahms (Theme and Variations in D Minor from the Sextet Op 18), Liszt (Variations on Bach's 'Weinen, Klagen, Sorgen, Zagen'). 4:00 New Voices (Poet Michael Donaghy reads from his collection 'Shibboleth').

4:20 Recital, part 2: Beethoven (Diabelli Variations). 5:25 Langham Chamber Orchestra: Sibelius (Suite: Pelleas et Melisande), Ravel (Le Tombeau de Couperin). 6:15 The Grand Seasons. Beginning a repeat of John Sleane's five-part series on opera at Covent Garden between the wars (mono). 7:00 A Haydn Festival. Andras Schiff (piano), Yuuko Shiokawa (violin), Steven Isserlis (cello) and the Takacs Quartet: Piano Sonata in G (HXVI40), Piano Trio in E (HXV28). (7:30 Interval Reading). 7:35 Piano Trio in D minor (HXV23). String Quartet Op 77 No1). 8:30 Concerto and Symphony: John Hopkins (The Magic Mountain), Alexander Goehr (Symphony in one movement). Stephen Pruslin (piano)/BBC Symphony Orchestra/Lionel Friend. 9:35 Why Timon? Dr David Daniell reflects on the enduring fascination of Shakespeare's 'Timon of Athens'. 9:50 Beethoven String quartets: Op 59 No2 in E minor played by the Medici Quartet. 10:30 The Holy Monarchs, Mattins and liturgy for the feast of Saints Constantine and Helen from the Greek Orthodox Cathedral of Santa Sophia in London. 12:30-12:35 am News.

RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 The Living World. 7:40 Sunday, including 7:55 Weather. 8:00 News. 8:10 Sunday Papers. 8:50 The Week's Good Cause. Claire Rayner speaks on behalf of Turning Point Limited who help problem drinkers and drug users. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service.

10:15 The Archers. 11:15 Behind the Headlines. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Comedy Classics: The Dippers (s). 4:00 Wilko's Weekly. 4:27 The Education of Hyman Kaplan by Leo Rosten. 4:47 Treasure Islands. 5:00 News; Down Your Way. 5:40 Tales of a Dragon-Watcher.

5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs viewers' comments on BBC programmes and policy. 6:30 Cat's Whiskers. 7:00 News; The Root of the Matter. 7:30 The Local Network. 8:00 Bookshelf. 8:30 All in the Mind. 9:00 Byron in Exile (s). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Witchcraft in the Channel Islands (s). 11:00 In Committee. 11:30 Seeds of Faith. 12:00-12:30 am News.